

Revenue Forecasting and Economic Development

Honorable Arthur Brun
Honorable Mason K. Chock
Honorable Derek S.K. Kawakami (*present at 9:14 a.m.*)
Honorable Mel Rapozo
Honorable JoAnn A. Yukimura (*present at 9:08 a.m.*)
Honorable Arryl Kaneshiro

Excused: Honorable Ross Kagawa

The Committee reconvened on April 3, 2017 at 9:08 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Good morning. I would like to call back to order the Budget and Finance Committee and Fiscal Year 2017-2018 Departmental Budget Reviews. Let the record reflect that we do have a quorum. On schedule today for April 3, 2017 we will be hearing from the Department of Finance and the budget team will take us through the various areas of revenues, charges and fees, including real property taxes. After that we will hear from the Office of Economic Development. As we do each morning, we will take public testimony. Anyone in the audience wishing to testify? Seeing none, the floor is all yours.

There being no objections, the rules were suspended.

KEN M. SHIMONISHI, Director of Finance: Hello, Budget Chair Kaneshiro and Members of the Committee. Ken Shimonishi, Director of Finance. What we have before you is a brief presentation. I will do a brief overview of the revenues that will be followed by a more in-depth look at the revenues from our Real Property Tax Manager, Mr. Steve Hunt, and then after that we can go over the revenues by fund, on a line-by-line basis or page by page, however you decide. Just in general, our revenues for the County of Kaua'i Budget of 2018, total revenues of about \$194,000,000. Page 2 of the presentation presents the various funds that make up the Revenue Budget. You can see our general fund at \$154,200,000, or a little over seventy-nine percent (79%) of the total Budget Revenues come from our General Fund. The next largest fund would be our Highway Fund at \$15,900,000 million or eight point two percent (8.2%). Followed by our Sewer Fund, or wastewater, with a little less than \$9,600,000 at four point nine percent (4.9%), followed by our Solid Waste at little over \$9,000,000, four point six percent (4.6%), so combined the four largest funds make up ninety-seven point one percent (97.1%) of our revenue budget. Slide 3 is just a table. This was presented as also as part of the Mayor's message and again a listing of the various funds that we have in the Operating Budget, the revenue amount and total increase in the budget for revenues being proposed at \$10,700,000, roughly over last year, or a five point nine percent (5.9%). Of that \$10,700,000 increase, \$8,700,000 is from the General Fund, and about \$1,000,000 from our solid waste. So looking at our total Revenue Budget on slide 4, by type, you can see that our real property taxes of \$128,800,000 constitutes sixty-six point three percent (66.3%) of the total revenue budget. Followed by charges for services, at just under \$17,000,000 or eight point seven percent (8.7%). State \$15,200,000, fifteen point three percent (15.3%) at seven point nine percent (7.9%). Taxes of \$13,000,000 at six point seven percent (6.7%). License and permits charges, current services and all other. So in the lower left corner of the slide, there is a general description of the larger components that make up

those pie categories. Obviously Real Property is self-explanatory. Charges for services, primarily due to fees from refuse, sewer, bus, and vehicle registration. The state and other would be our (TAT) Transit Accommodation Tax, and again we have budgeted at the \$103,000,000 or roughly \$14,900,000. We will need to see what comes out of the legislature on that TAT Bill, whether or not it is a decrease, slight increase, or remains flat. Taxes in this particular presentation is reflective of our fuel tax, our public service company tax and public franchise taxes. License and permits consisted of vehicle weight, beautification, and our motor vehicle plates and so on. And the charges for services is representative of our landfill disposal fees, drivers exam and camping and this is further detailed in the subsequent worksheets that we go by fund, by account. With that, slide 5, again just presents the same data in a table format, and as you can see, of the \$10,700,000 increase, \$9,682,000 is representative of Real Property. Followed by some increases in our charges for services, our interest earned and so on. Now with that, I would like to turn it over to our Real Property Tax Manager, Mr. Hunt.

STEVEN A. HUNT, Real Property Tax Manager: Thank you. Committee Chair, and Members of Council, for the record, Steve Hunt, Real Property Tax Manager. For the Fiscal 18 budget, I am breaking down sort of in two phases, one is sort of the normal appreciation, new construction activities that you are seeing without any rate increases, and that is displayed here. It is roughly about a \$905,000,000 increase year-over-year in assessed value. Again that is from a gross value of about \$21,290,000,000 to \$22,190,000,000. Next page shows the breakdown by category. How was that arrived at? Again residential, we are seeing more build-out. So a lot of the properties that were zoned residential and were taxed as residential vacant land now have been improved with residences, so some of that appreciation you are seeing as a result of new construction. Commercialized Home Use, you are also seeing a number of properties that are being transferred and this is part of the compliance coming out of the Homestead class, because they have multiple uses on their property. So can you see the count change year-over-year is about 294 increase to the category, which also has a slightly higher rate at \$5.05 currently the Vacation Rental, again this is primarily growth, but also some new inventory. Again for purposes of assessment, we do not look at compliance for zoning. We only look at their actual use. So if they are, in fact, vacation renting their property they are put into this category, whether they are in the VDA or operating with a permit or not, that is the use, because we do our assessments annually. Hotel/Resort, about \$106,000,000 almost \$107,000,000 increase to the gross value. There were only 46 new properties included in that. Some of those were coming out of the Vacation Rental and back into this class based on their use as "condo-tel" units. The differentiation being whether they have a kitchen or renting as rooms. Residential investor 31 new properties. Again contributing almost \$99,000,000 in new value. Homestead, this one actually had a decrease of 109 properties in this category. It is primarily properties that are either being sold or compliance moving out to Commercialized Home Use, because actually we did have an increase in the number of LTLs Long-Term Affordable Rentals, this year, so that net increase was actually I believe 131 units of which 378 were new first-time participants. So we did lose about 147 that came out of their LTL and went to market rents, but we also got 378 new, so the net result of positive 131 into this category. Commercial, only about one point four percent (1.4%) increase, about \$19,000,000. Industrial four point one percent (4.1%), about \$15,000,000. Ag, we are having fewer properties again primarily because these properties are being developed with homes and reclassified once they have

improved and seeing these being transferred to either Residential or in some cases even the Residential Investor, depending on the type of construction we are seeing. Conservation, relative flat about and actually had a decrease in value and four new properties added. That is sort of the breakdown of the value change. Moving on to the pie chart, this is the gross valuation by class. Our largest value contributor is Homestead, which represents about twenty-nine percent (29%) of our gross tax base. Followed by Residential at twenty-two percent (22%), vacation rental at thirteen percent (13%). Hotel/Resort at eleven percent (11%). Commercial properties at six percent (6%), Residential Investor six percent (6%), Commercialized Home Use six percent (6%), Ag at four percent (4%), industrial at two percent (2%) and Conservation about one percent (1%). If we were to kind of categorize them generically and pull these class into groups, you could say that the residential type, which would include Homestead, Commercialized Home Use and Residential represents about fifty-seven percent (57%) of our value base. If you wanted to look at the visitor portion, you would pull in the Vacation Rental, the Hotel/Resort and Residential Investor that represents about thirty percent (30%) of our tax base. Commercial and Industrial about eight percent (8%), and then vacant land, which is our....not all vacant land, but primarily with which is our Ag or Conservation, about five percent (5%) of our value base. Comparing values to taxes, if we look at the actual contribution by category, who pays the most taxes? Residential properties at twenty-three percent (23%). Followed by Vacation Rental at twenty-one percent (21%) and Hotel/Resort at twenty percent (20%), homestead at eleven percent (11%), Commercial at eight percent (8%), Residential Investor at six percent (6%), Ag at five percent (5%), Commercialized Home Use at four percent (4%), industrial at two percent (2%) and conservation a little bit less than one (1%). So if you are comparing the two slides sort of value to taxes and again kind of generically grouping them in the same groups, you would say that visitors pay about forty-seven percent (47%) of the tax and represent thirty percent (30%) of the value. Residential type properties about thirty-eight percent (38%) of the taxes and fifty-seven percent (57%) of the value. Commercial properties pay about ten percent (10%) of the taxes and represent eight percent (8%) of the value, and then your land, your Conservation and Ag about five percent (5%) of tax and five percent (5%) of value. This is the distribution of taxes and it includes the nineteen percent (19%) across the board rate proposal built-in \$0.19, sorry, \$0.19 rate across the board, and this comparing Fiscal 18 to Fiscal 17, so if you are looking at increases in Conservation would be the lowest, again about twenty-four thousand seven hundred dollars (\$24,700) increase. Then followed by Industrial at one hundred eighty-nine thousand and six dollars (\$189,006). Ag at two hundred eighty-two thousand four dollars (\$282,004), commercial alt two hundred eighty-five seven dollars (\$285,007) and Residential Investor eight hundred fifty-four thousand dollar (\$854,000), Commercialized Home Use about eight hundred seven-three thousand six hundred dollars (\$873,600). Homestead at one million one hundred forty-three thousand five hundred dollars (\$1,143,500), Hotel/Resort, one million eight hundred forty-six thousand dollars (\$1,846,000), Vacation Rental two million sixty thousand dollars (\$2,060,000), and finally Residential at two million two hundred twenty-three thousand six hundred dollars (\$2,223,600). In total that is roughly your \$9,700,000 in increase. Next slide, again assuming there were no rate changes to the current rates the estimated increase in real property taxes is approximately \$6,100,000 or five point two percent (5.2%) over Fiscal Year 17. This projected increase in revenue includes adding 332 new parcels to the assessment list. Also changes between tax classes, fewer appeals, and the reassessments of properties island wide. The proposed \$0.19 across-the-board increase will result in an additional \$3,600,000 in revenue, and it would

bring the year-over-year total increase to about \$8,200,000 or about \$9.7 million. About forty-four percent 44% of the increase or about \$4,300,000 is attributable to just two classes, that would be Residential and Vacation Rental. And the Homestead class would see an increase of about \$1,100,000 or eight point eight percent (8.8%), but would still only pay eleven percent (11%) of the total taxes while representing about twenty-nine percent (29%) of the aggregate gross value. This is an historical chart of the net assessed values in thousands since the time real property that function was transferred and roughly which was in 1981, Fiscal '82. At that point we had roughly about a \$1,400,000,000 net tax base. You can see over time it has increased. We had the dramatic run-up really from '04, it peaked in 2008. In fact we have not yet captured our net assessed value that we had in 2008, even with the current resurgence in the market. You can see the downturn beginning in '09 and bottoming out in 2012, Fiscal '13 and then you see the values starting to increase again as we move up to Fiscal '18, which is 2017 tax year. This is the chart of the effective tax rate, which is calculated by taking the total projected revenue, divided by the net assessed value. When we took over in 1981 our effective tax rate was \$8.70. That is actually calculated from a flat rate of \$14.50, but at that time, properties were not assessed at a hundred percent (100%) market value. They were assessed at sixty percent (60%) market value and converted for purposes of analysis to look at it that is equivalent of a hundred percent (100%) market assessment that rate would have dropped from \$14.50 to \$8.70. Note that at that points all of the tax rates for the categories were the same. There was no divergence between tax rates. As part of inheriting the tax function, the legislature put a condition that the Council could not make changes to the tax code until at least ten years after the function had been transferred. So 1991 was the first year that we solely took over the responsibility and were given full reins on policy for real property tax. So the next slide looks at what happened since 1991 when we took over. This is the tax rates for the categories that we have. For convenience, I have combined some of the tax rates. We no longer have a single-family residential. It is now called "residential." So I assume that roughly is the same type of property throughout. So I made that category the same. Similarly, we used to have an Apartment class which was primarily condos and the majority, especially in the resort areas have been merged into the Vacation Rental class. So for purposes of analysis, the Apartment and Vacation Rental class are also analyzed the same during this rate analysis.

Council Chair Rapozo: Can I just ask...I cannot see...and maybe it is just my eyes, but if you can...on the right edge and start with the top-line and tell us?

Mr. Hunt: Sure. If you are looking at the red line here, this is the Hotel and Resort category.

Council Chair Rapozo: Okay.

Mr. Hunt: And for the most part, these rates kind of stuck together throughout history and then only recently started to diverge a little bit and we created some new classes, but the rates primarily for these categories were together. Apartment and now Vacation Rental, as well as Hotel/Resort. You do see a little bit of a "v" here. This was the Commercial and Industrial, and that was after 'Iniki and they dropped rate because businesses were struggling because visitors were down. We did not adjust the rates for the Hotel/Resort however, just Commercial/Industrial. So as you come down, the

next one here, the third one down at the bottom, this would be both your Commercial and Industrial rates. This short line here has only been in effect for a little while. That is your residential investor. Below that is your Ag and Conservation and then this kind of light-blue line, this is your Residential. And then the short line second to the last, would be your Commercialized Home Use. And then finally, the bottom-line is your Homestead tax rate.

Council Chair Rapozo:

Thank you.

Mr. Hunt:

And note in 2012, we started to see the divergence in rates here, with the exception of the Homestead, which was actually lower. All other classes were beginning to see rate increases, as budget demands required. Next slide is the history of tax rates for the Homestead category. Again we are somewhat at historical lows at \$3.05. So the proposal to bring it to \$3.24, but even at \$3.24 on an historic basis this is relatively a low rate for the Homestead tax class. This slide showed the net assessed values for all of our properties, and it is transposed against the CPI of Honolulu. So on the right index, you see the indexing for the CPI, and on the left index side here, this access you see the value in thousands. So you can see where we have come from about \$5,200,000,000 roughly up to we are currently at \$19,000,000. So that has been...and here again is that bubble cycle that we see right here. The next slide shows the Homestead values, and this is taken based on an average, which would take your value, divided by the number of properties in that class, and again we have gone from 1991 at the beginning, the average value was about \$185,246, and the average exemption at that time was about \$67,200, leaving a net assessed value at about \$118,000. Again it sort of trends that bubble again here, you will see. So this would have been the net assessed values, and actually were the net assessed values, but I will show you another slide, where we have the tax cap and what the effect was. As you see here, as we increased in 2014, the amount of the exemptions, we increased that, that brings down the net assessed value. So it kind of smooths out that transition it does not stay at the high line, so as you look today our net assessed value it is \$309,370. Whereas our actual average based on gross value is about \$566,126. This is the actual average taxes that have been paid, and again you can see that bubble; this blue line is where the market taxes were. So if we did not have the tax cap, that is where the taxes would have been. This is the line, because of the cap, what actually happened to the average tax bill. So we are taking it from, again from the beginning 1991, an average tax bill of \$451, to the proposed current of \$1,277.77, and with that, I will open up to questions.

Committee Chair Kaneshiro: Thank you. We will just go through the presentation, and just say the page number you are on and whatever question you have. Councilmember Yukimura.

Councilmember Yukimura:

Can I do the last page while we are still fresh?

Committee Chair Kaneshiro:

Sure.

Councilmember Yukimura:
which I guess this is what it shows.

Your Homestead taxes. We had a cap on taxes,

Mr. Hunt: Yes, that is the impact. So we are looking at the...when we applied the credits back, that is what the actual average tax bills were during that period.

Councilmember Yukimura: So that is...was that 2003?

Mr. Hunt: '04 was the first year of the cap, and it was based on the value in 2003. Sorry, taxes in 2003.

Councilmember Yukimura: And we removed the cap.

Mr. Hunt: 2014.

Councilmember Yukimura: And then we put in the assessment cap.

Mr. Hunt: For this year.

Councilmember Yukimura: Okay. So that is for 2017?

Mr. Hunt: Yes.

Councilmember Yukimura: Is when the assessment cap went into effect.
Thank you.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: My question is on page 10, and I am not sure if you have the answer, but do you know if there is a national average for percentage of taxes that--what we call Homestead, but I am assuming the mainland has different terms. For people that live in their homes that they own, what is the national--is there a national average for percentage of the taxes by class? We are showing an eleven percent (11%).

Mr. Hunt: Right. I do not know if there is an actual percentage of taxes collected by category, because it varies on the type of properties and for instance Maui has a high concentration of value in the Hotel/Resort simply because they have more Hotel/Resort properties. I believe it is over twenty percent (20%) of their value basis, based on that. So taxes and value are very tied together. So it is hard to say, because the complexity of the...or the make-up of the tax base varies so much from jurisdiction to jurisdiction. Obviously if we had a lot more hotels here, we would have a lot more revenue from that category.

Council Chair Rapozo: Right, and you could have more expenses as well. I am just trying to figure out...I mean every year we go through this exercise, where the code says we set the percentage. We do not set the money. We set the percentage and we just do the math and that is how we get the rate.

Mr. Hunt: Correct.

Council Chair Rapozo: Right here, I mean, I do not think there is a policy that Homestead is going to pay eleven percent (11%) and Residential is twenty-three percent (23%) and Vacation Rental is twenty-one percent (21%). We do not do it that way. We do not follow the law. We just...we need this much money and we are going to tweak? So I am just trying to figure out where is that number? Where should we be and where should the Homestead be? Where should the Commercial be and who has the most impact on the county budget? Where would we be?

Mr. Hunt: I see your position, it is a difficult position, because you are trying to make a decision with a limited knowledge that is specific to our understanding of how it may vary. To give an example, if our taxes that we are generating from the category is eleven percent (11%), what our value base for eleven percent (11%) it would be dollar a dollar-for-dollar and be the same rate.

Council Chair Rapozo: Right.

Mr. Hunt: If our Homestead values represented sixty percent (60%) of our tax base, I do not think eleven percent (11%) would be a reasonable number anymore. We would have to generate more. So it really depends on the make-up and the character of the base. The only reference I have is City and County of Honolulu, I believe their residential properties make up something like over eighty over eighty percent (80%) of their basis, but they do have a Resolution—I think it is Resolution not an Ordinance that requires them to not have more than fifty-eight percent (58%), I believe, of their tax revenue coming from that 80 some odd percent of value.

Council Chair Rapozo: I guess where I am going with this is it really does not matter. It is a policy decision of what that percentage should be. You know what I mean?

Mr. Hunt: Absolutely.

Council Chair Rapozo: That is how I read the code or the statute. We set the percentage, we are not concerned about the value. We are not concerned you know...it is really if it is twelve percent (12%), and you figure out that percentages and just divide and that is how you get the tax rate, but we do not do it that way. I guess that is what I am trying to say. Is there a national average that the people who live in their homes should pay between a range of twelve to eighteen percent (12-18%) of the total budget? I do not know if that exists.

Mr. Hunt: I would say no, I do not think anything like that exists, only because each county is so different in their make-up.

Council Chair Rapozo: But that is how you find the true need right? If you determine what that class will pay and percentage, then there is no real...then the rates will be all different, as opposed to just trying to cover everybody in one sweep, and that is where...again I do not know, 12 years or 14 years I have been doing that and I know it is difficult to do that. Politically it is different but then again it is a policy call. You know what, Industrial/Commercial should pay this many, that percentage. Residential pays this

percentage. Homestead pays this percentage. You want the Homestead to be the smallest percentage because those are the people who live in their homes. But this year, every year is different. It could vary just because we want to take more money from another other category, so we will raise theirs, and then it switches the percentages. So every year you get this fluctuating percentage, which there is no real nexus, other than we do not want to whack the homeowner, or we do not want to whack the resort, or hit the agriculture, versus just coming up with an educated number.

Mr. Hunt: I think to add even further uncertainty as to what that number should be is, many of these jurisdictions that charge property taxes, they fund the school districts. So sometimes they break down an itemized of the property taxes how much is school district. So that is not necessarily rate driven as much as it may be in a fixed amount they are paying to the school districts.

Council Chair Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Just a follow-up. I am reading from the analysis of real property tax in Hawai'i that just came out, and they are saying that Hawai'i property share of general revenue from own sources. I do not know. Combined State and local government is twelve point two percent (12.2%), which is substantially below the United States average and ranks Hawai'i forty-fifth (45) in the Nation. From this, I am reading that our use of real property taxes is much smaller than the use of real property taxes in other parts of the Country.

Mr. Hunt: Again, I think because the property taxes support school districts in so many other areas that they charge significantly more. So it is hard to look at property taxes outside of the totality of taxation.

Councilmember Yukimura: Yes.

Mr. Hunt: Because of general excise and other taxes. So when you look at the combination of all taxes, I do not think we are necessarily on the low spectrum. I think another thing that has been somewhat mischaracterized is the rate. They always talk about the effective tax rate. Most of these studies that will you see are the effective tax rates of the homeowners, owner occupants, which includes exemptions and low rates. Now of course the values in Hawai'i, if we are not the top, we are probably second. But I believe we are probably top in value. So you can have a low rate and a high value, which still brings our total tax somewhere closer to the middle. I think we are still on the low side, but again, we are not using those taxes for school districts. If school districts were involved and the Counties had to pay for that, I am sure our taxes would be much higher, but then there may be relief on general excise, or income, or other. So it is hard to push around without looking at totality of taxes.

Councilmember Yukimura: Ironically, it says that Hawai'i's education expenditure as a share of combined State and local government expenditure is, and I guess

County would be zero (0), is twenty-seven point three percent (27.3%), which is below the United States average of thirty-seven point two percent (37.2%), and ranks Hawai'i as the lowest in the nation, which means it seems to say that we are not spending a lot as a combined County/State for education. So whatever was not taken from real property taxes is not going to education.

Mr. Hunt: Sorry, I have not had the benefit of reading the report. If you are saying percentage, that would be a little bit possibly misleading because if you are generating a large revenue, a small percentage on a dollar amount could still be high.

Councilmember Yukimura: True.

Mr. Hunt: So I do not know what the per pupil spending is. Just because you are saying a percentage of the taxes are collected, if we are collecting a whole bunch of taxes, it is just saying that we are not allocating it to that specific expenditure.

Councilmember Yukimura: Could we get a better comparison for what Council Chair Rapozo is looking for by taking property taxes across the Country minus the part that goes to education? That would get us closer, although many Counties also pay for hospitals and jails.

Mr. Hunt: Right. Like I said, it is a very complex issue and we are not always comparing apples to apples. So you really kind of have to do your own internal work. I mean, at best, we would probably be looking at other Counties, at least where the real property taxes do not support the school district as a start because that is a major cost item.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: I know when we are at the National Association of Counties (NACo) conference in D.C., I always try to pick everyone's brain on their taxes, but you find out it is really hard to figure out because they have all of these additional costs. Some pay for jails. Some pay for schools. It is really hard to get a handle on what owner occupied homes pay on average in real property taxes, and it has been hard to try to get a number. Councilmember Yukimura.

Councilmember Yukimura: May I say one (1) more thing about that? I mean, maybe our criteria is not how we can be the lowest in assessing real property taxes, but what is needed to pay for a functioning community and how do we do that without driving people out of our homes so that we tax according to what they can afford? So it is an analysis of need plus a limitation against being too burdensome, something like that.

Committee Chair Kaneshiro: Are there any further questions on the presentation? Councilmember Yukimura?

Councilmember Yukimura: On page 3, slide 3, can you refresh my memory again? The Solid Waste Fund increase of \$1,000,000 was because of what?

Mr. Shimonishi: We will see it on this worksheet as well. But basically, looking back at the historical collections that were coming in, it showed that our budget was short of those numbers. We were actually generating more revenue, at least more revenue was being recorded in these accounts. So thus, we made the adjustment up to reflect that.

Councilmember Yukimura: Because we were using the revenue per ton calculation and then it did not quite jive with what we were bringing in?

Mr. Shimonishi: Correct.

Councilmember Yukimura: It is kind of nice to have it go towards more than less.

Mr. Shimonishi: Right.

Councilmember Yukimura: And we are not sure why?

Mr. Shimonishi: I think we need to have Solid Waste review that, and see what else might be going into that revenue account.

Committee Chair Kaneshiro: Not to interrupt, but I know Solid Waste, and I cannot remember if they said it on the floor or if they said it to me after the meeting because we had that same question. They said the revenues were higher because they did not estimate as large of an amount of people staying with the larger trash bins. So that accounted for a larger revenue base. They thought a lot more people were going to change to the smaller ones, so they budgeted a smaller number. But they said not as many people as they expected switched to the small bins. So people were paying for the larger bin and that was the increase in the number.

Councilmember Yukimura: Right. So it was this kind of pay-as-you-throw effect where the more you throw out, the more you pay and people did not quite know how much they were throwing out until they ran with for a year, maybe. Thank you very much.

Committee Chair Kaneshiro: Also, probably convenience. Sometimes you get a big trash day and you do not want to have to go make a run to the dump if you fill your small trash bin. I know some people have made that consideration and said, "We are willing to pay for the bigger trash bin. We may not have a full trash bin every week, but sometimes when we do we do not have to run to the dump."

Council Chair Rapozo: The other thing that was a big concern for a few of us, is that on Kaua'i, it is not like the mainland where you have one (1) family per house, with the housing situation, but nobody listened, right? You have three (3) families in a house, you need the big cans. It was not about convenience or the money. It was that we need the bigger can. But the consultants, they know all, right? They said, "No, no. You watch. You

get the small can, they are all going to the small can.” No, not Kaua‘i. We are not like the mainland, not yet.

Committee Chair Kaneshiro: Councilmember Yukimura.
Councilmember Yukimura: I think they were making wrong assumptions, but I am not sure if there was one (1) family per house, you would not have the same amount of revenues because each house would then have a small can or large can. So you would have more revenue if had you more houses.

Committee Chair Kaneshiro: Are there any further questions on this presentation? Councilmember Yukimura.

Councilmember Yukimura: Slide 10, I think it was. You said that how much of our real property taxes are paid by visitors?

Mr. Hunt: If you consider the Vacation Rental, Hotel and Resort, and Residential Investor are visitors, they paying about forty-seven percent (47%) of the real property tax dollars.

Councilmember Yukimura: Okay. Now, does the Residential Investor act like the visitor category, because I am thinking that in times like 9/11, the attacks, or I think of war, we had drops in tourism. But I do not know if the investor class would drop.

Mr. Hunt: The Residential Investor class are just primarily second homeowners. They do not rent out when they are not here. So I mean, they are visitors when they are here, but they are probably here less frequently than your typical visitor vacation rental unit that actually is on a much higher occupancy.

Councilmember Yukimura: Well, I was thinking of stability of funding because when the visitor count drops, then the TAT and, but the hotel tax does not drop that substantially, not like the TAT does, right? What do you call those?

Mr. Hunt: Property taxes are not variable. They are set on value and rate. If there is a sustained period where visitors are not coming, then you will see the values drop. Hotel property values will become less valuable and then you will see a loss in property tax revenue. The TAT obviously, is dependent on whether they are here or not.

Councilmember Yukimura: Right.

Mr. Hunt: But the value is fixed to the real estate, so that does not really change whether you have any occupancy or operating one hundred percent (100%). The only time that changes is when the values start to drop.

Councilmember Yukimura: So real property taxes are a lot more stable than TAT. Is that a fair statement?

Mr. Hunt: Yes, I would think that would be a fair statement because they are, again, if they are not income dependent and they are not required to go to visit to the property. They are assessed at value.

Councilmember Yukimura: And the process of value changing is much longer than the income?

Mr. Hunt: Right. Income you will see immediately when the counts drop, whereas it takes a longer time for the value of properties to start seeing that impact from fewer visitors.

Councilmember Yukimura: So would that be true, also, of the Residential Investor properties?

Mr. Hunt: I would think so although, again, they are not typically dependent on revenue. Currently, the owners are not generating revenue by renting them out. So we may not see them transact as frequently. We might start seeing the drops in the Vacation Rental because many are buying those as investments based on what they rent for and their occupancies. So they certainly they run in the same market segments, so you would probably see them somewhat correlated, but you would probably see to a lesser degree those trophy properties depreciating in value because they are not anticipating getting revenue.

Councilmember Yukimura: On page 11, where you talk about the tax class proposed \$0.19 rate increase, is there a way to calculate the per user increase, average per user?

Mr. Hunt: We could take the increase and divide by the number of properties to figure that out, yes. It would not be too hard.

Councilmember Yukimura: If that does not give you too much work, I am not sure what the results would be. I am not drawing any pre-conclusions, but it might tell us something. I would be interested.

Mr. Hunt: I can probably just give you the counts. Do you want to do you want me to formally do it? I have the counts. It takes a little while.

Councilmember Yukimura: I do not know. I am not going to do it.

Mr. Hunt: Okay. I will send it back.

Council Chair Rapozo: What is the Homestead count?

Mr. Hunt: There are eleven thousand four hundred seventy-four (11,474) properties in the Homestead class.

Council Chair Rapozo: If you do not mind reading the numbers really quick.

Mr. Hunt: Sure. Do you want to match them to the chart?
How do you want to go?

Council Chair Rapozo: However. Just give me the counts and then you can send something over later.

Mr. Hunt: Okay. So I will do it based on the increases. Conservation, there are two hundred forty (240) properties; Industrial, there are four hundred fifty (450) properties; Agriculture, there are two thousand four hundred sixty-nine (2,469) properties.

Council Chair Rapozo: What is that again?

Mr. Hunt: Two thousand four hundred sixty-nine (2,469).

Council Chair Rapozo: Okay.

Mr. Hunt: Residential Investor, two hundred eighty-nine (289) properties.

Councilmember Yukimura: Did you cover Commercial?

Mr. Hunt: Not yet. Commercialized Home Use, there are one thousand nine hundred eighty-one (1,981) properties; Homestead, eleven thousand four hundred seventy-four (11,474); Hotel and Resort, three thousand four hundred twenty-eight (3,428); Vacation Rental, there are three thousand five hundred eighty-seven (3,587); and Residential, there are eight thousand nine hundred nineteen (8,919). I did skip Commercial. Commercial, there are nine hundred ninety-eight (998).

Council Chair Rapozo: Thank you.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: Thank you, Committee Chair Kaneshiro. Thank you for your presentation. According to Airbnb's report to the Legislature as of October 2016, on the island of Kaua'i, there are seven hundred thirty-nine (739) listings for entire home use, and two hundred twenty-two (222) listings for private and shared rooms. Are we collecting our fair share of taxes from these type of operations and are we looking into how legitimate they are?

Mr. Hunt: I will answer the first part of the question, which is are we collecting our fair share? To the degree we are knowledgeable of them, yes, we are reclassifying the properties. Those that are whole homes are likely in the Vacation Rental category already whether permitted or not. Those that are renting portions of their homes

could either be in the Vacation Rental or if there is an owner-occupant with an exemption, they are in the Commercialized Home Use category. Again, those that are known. We do have our appraisers looking at Airbnb sites to match up property owners and property types, as well as VRBO and FlipKey. There is a host of sites we go through to see if there are vacation rental uses being done from those properties.

Councilmember Kawakami: Follow-up. So we do not really have a number right now as the seven hundred thirty-nine (739) listings, how much we have actually done the research on and made sure they are in compliance? Do we have a number yet?

Mr. Hunt: No, Planning monitors those that are in compliance. Again, there are vacation rentals that are in the VDA, which do not even need a permit. You have those outside of the VDA, which need the Non-Conforming Use permit. You have others outside the VDA that are operating renegade. When we find them...but we are not compliance. We have no enforcement on our own, but we do have the ability to say we are taxing use. So when we find the use, we will move them into that tax category.

Councilmember Kawakami: So we automatically move them into that tax category whether they are in compliance or not, depending on their use?

Mr. Hunt: Yes, if we can document the use and how long the use has been occurring, often they will have calendar sites that have comments from visitors who stayed there. We look at how far we can verify that use was in effect, and we have the ability to go back to current year plus two (2) additional years. So a max of three (3) years that we can go back and roll back.

Councilmember Kawakami: Does that in essence legalize the illegal use?

Mr. Hunt: Not according to our County Attorneys. We have had that discussion. Same with permits for construction. We will find properties that have done additions to their property. They physically exist, but legally, were not permitted. We pick those up as well. Our job is to do an annual assessment. If another compliance arm with the authority to shut down a vacation rental or to remove a portion of the building that was not permitted did that enforcement, we simply just adjust our records for the upcoming year.

Councilmember Kawakami: Okay, got it. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Councilmember Kawakami, can you tell us what the second number was? Seven hundred thirty-nine (739) were entire homes.

Councilmember Kawakami: And two hundred twenty-two (222) were either private or shared rooms. So just a room in a house.

Councilmember Yukimura: That is a portion of the home?

Councilmember Kawakami: Yes.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I am just trying to understand. So I guess the issue is a lot of these sites advertise and take it off. You are saying that what we do is we research how long it was marketed for and then you are able to attribute a certain period of taxes for the specific time advertises?

Mr. Hunt: Right. We do a go-forward, so if they are still operating, we will adjust the upcoming tax classification for the new coming year. But if we can also demonstrate they have been in operations and say we were taxing them at Residential, when in fact, they have been vacation renting, we will go back and we will make the adjustment. We call it a P-38, which is the form number, for the amended notice of assessment. We will go send them past-year amended notices saying, "You have been noted to be a vacation rental. Here is our evidence." We send them back and bill them back for prior periods.

Councilmember Chock: I see. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: When we do a sewer user fee or even the Water Board does their water rate, they usually do a fee study. There might be another name for it, but they assess their operating costs, and then figure out what is a proper fee and what proportion goes between different users or among different users like agricultural users, commercial users, and residential users. Do we do that for our County roads in terms of fee setting?

Mr. Shimonishi: Not to my knowledge.

Councilmember Yukimura: Why not?

Mr. Shimonishi: Good question.

Councilmember Yukimura: Is that something that Finance can request of Roads?

Mr. Hunt: I think vehicle weight somewhat address that because the impact to the roads are based on the vehicle. The only thing missing in that equation is the mileage. If you could somehow say this weight over this amount of miles affects the road system, then you would be able to kind of break that down into an operational thing saying per weight, per mile, this is what everyone should be paying as just opposed to weight.

Councilmember Yukimura: There is data showing exponential impact from heavy vehicles. So your regular truck hardly causes any damage over a certain period, whereas the heavy trucks cause exponentially more damage, but that is not reflected in the weight fees because above a certain level, the fee goes to a cap. It is just per truck. It is like \$400 per truck rather than so many cents per ton. So there is a huge subsidy going on there. or a huge disconnect between the costs that is being caused and the charges that are being asked of those causing those huge damages. So it would be worthwhile to look at creating a system that is fairer. So is that something that Finance request of Roads, or is that something for the Mayor to do?

Mr. Shimonishi: We can take note of that. I think we obviously would want to research where the authority lies on that and how much.

Councilmember Yukimura: Well, the authority lies in the Council, right?

Mr. Hunt: Well, I believe the State also has a say in vehicle registration and weight tax as well. In fact, I believe there was even a bill this year, I do not think it has advanced, but they were looking at changing it to the value of the vehicle rather than the weight of the vehicle. So clearly, we have some authority and we do have some rate setting, but it is also in concert with what is going on at the State level because they are also using it for their State Highways Fund.

Councilmember Yukimura: It may be a political judgment about how much we levy, if the State...and we would do well as State and County to coordinate, I think. But I do not think we are limited by the State, i.e., the State does not have a say in how we set our vehicle weight taxes. It is not like we have to confer with them, although realizing that it will impact the mutual constituent, right? The constituent of both State and County governments. We should be cognizant of the impacts, and actually if we could coordinate, that would be good. But I think the authority is ours to set for County vehicle weight and fuel taxes. The choice that they were looking at of value of car, would not correlate necessarily with damage.

Mr. Hunt: No.

Councilmember Yukimura: And that is kind of like "take from the rich and give to the poor," which I am all for. I mean, I think that is where social justice and equity come in. That is what we are doing with the Residential class and the Homestead class. We have to do that in order to function well as long as we are not really detrimentally affecting either class by that kind of fairer system, but it does not correlate with the damage.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I am stuck on the TVRs still. So my understanding is such an amount of these...do they get contested on a regular basis?

Mr. Hunt: You mean appealed from a tax perspective?

Councilmember Chock: Yes.

Mr. Hunt: Okay, because obviously Planning has their own contested case hearings that are completely different.

Councilmember Chock: That is what I am trying to understand, where the lines are drawn.

Mr. Hunt: Right.

Councilmember Chock: How we differentiate them and how much money we are talking about here?

Mr. Hunt: My charge under Chapter 5A is to assess the tax classification based on use. So if they use it as a vacation rental, they are assessed as a Vacation Rental. If they want to appeal the use, again, there is somewhat of a timing issue, too because we do our data values October 1st, we take a snapshot and picture, this is how it was used up to October 1st, this was the value up to October 1st, and anything that happens after October 1st sometimes will have some residual fallout because maybe compliance did occur and they lost a contested case hearing or they got cracked down, and sometime in November or December, they are cease and desist. We cannot make the adjustment until the next upcoming tax year. There is no interim adjustments that we make. We do hear, and say we erroneously roll back. Maybe we did some research and we affixed it to the wrong property. It looked like it was the owner, but maybe they were just managing the property out of that location and we changed their primary residence to a Vacation Rental, and there was no activity. They will provide evidence of that and we can make the adjustment without even going to a Board of Review hearing. We can do it administratively.

Councilmember Chock: My question is how much of it is actually just being managed from your perspective, versus the illegal activity being overseen by Planning, is there that coordination, how much money does it really generate?

Mr. Hunt: It is sizeable. If you were to take a lot of the Non-Conforming Use permits and phased them out or you were going to take the ones that were operating renegade and take away the property tax class Vacation Rental and put them back to Residential, we are talking seven (7) figures and up. It is sizeable. I do not have an exact figure because we do not have a listing saying "Here is legals, here is illegals, and here is the VDA." We do not have that structure within ours, but knowing what I know about the properties, I would say definitely seven (7).

Councilmember Chock: How many of those are followed through on in terms of enforcement on your side and to Planning? Do we know how much? It is obscure for me to understand and this is going in a different direction, so I will stop, but what is the goal and how do we get there? It is the balance of: do we just continue with what you are doing in trying to get people to just pay their taxes on it without an end because it is a certain amount of money, or is it going down this other road? My understanding is we only have some funds to take this so far.

Mr. Hunt: Right.

Councilmember Chock: I am not clear on it.

Mr. Hunt: It is direction from this body to Planning in terms of enforcement. If there is a strong will, and both sides, you want enforcement and Planning can enforce, then we will start seeing fewer on our tax class as that enforcement occurs, we will start knocking them off. The reality is that it will be a financial impact. So in addition to say \$30,000 per contested case hearing, if the County is successful, we have now possibly lowered the value and taken it out of a higher paying tax category. So we have not only the upfront cost of enforcement, but then the back end of a lower tax base. So as long as you are cognizant of that, if that is the direction, then that is what will occur. In terms of enforcement, we are not in any way an enforcement agency. When we get notification that Planning has issued a cease and desist or has followed through and we find out that they have ceased operations, we remove the tax class and we put them in the next use whatever they using the property in. If Planning wants to use our list to vet and go back and forth, and say, "They are showing Vacation Rental, we are not, and that is not on our list we are going to enforce," that is up to them to do. We are not going to do for them. Our public data is available to them if they want to use that as a list to enforce.

Committee Chair Kaneshiro: It is a huge double-edged sword on that one.
Councilmember Kawakami and then Councilmember Yukimura.

Councilmember Kawakami: Thank you, Committee Chair Kaneshiro. This was a little bit away from taxes, but it is still about revenue. So things are evolving and we have a new ride sharing company that has been recently established on Kaua'i. So municipalities, cities, and states across the Nation are wrestling how to deal with this new type of business. There are two (2) schools of thought: one is that you can regulate this new company and collect fees, or just deregulate the taxi companies and level the playing field. How much revenue do we draw-in from fees and licenses and all of those other revenues that we collect from taxi cab companies?

Mr. Shimonishi: I do not have that off the top of my head. I know our Treasurer does, but I would say it is minimal.

Councilmember Kawakami: Minimal?

Mr. Shimonishi: Yes.

Councilmember Kawakami: Maybe you can send that number over because very soon, I think, we are going to have to wrestle with this new type of business that has entered our market.

Mr. Hunt: I want to say the number of licensed taxis is something in the order of fifty-nine (59) right now.

Councilmember Kawakami: Fifty-nine (59) licensed taxis?

Mr. Hunt: Yes. It is based on the hotel room count, which,
I...

Councilmember Kawakami: One (1) for every fifty (50) or so?

Mr. Hunt: One (1) for every fifty (50). I have been tasked to review that to make sure that we are counting those hotel rooms. But I am in a little bit of a quandary because of the definition of hotel room. It says "hotel room." Many of these are now "condo-tels" where the rooms have been condominiumized and sold off. They do not have kitchens, so technically, I think they are still hotel rooms, but their uses have been changing. So from a tax class, we are not showing it as Hotel and Resort, but physically it is still probably a hotel room. Plus some units now have lock-outs that have a hotel room component to a unit that they can rent separate. Some of the timeshares and other places are doing that. So getting an accurate hotel room count is going to be somewhat of a challenge.

Councilmember Kawakami: Does the Administration or the Department have a position on how we should treat this new ride sharing type of business? Not yet? That is okay. We can talk about it later on. Thank you.

Committee Chair Kaneshiro: Follow-up. Do taxi vehicles get charged a different rate for vehicle registration?

Mr. Shimonishi: I would have to follow-up on that.

Committee Chair Kaneshiro: Is it same as a car?

Councilmember Yukimura: I think it is a license fee.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: First a follow-up to Councilmember Kawakami's question and then one (1) with Councilmember Chock's question. It may be that the hotel room is not the best measure for determining taxis. Maybe it is population or something else. I do not know. Especially as it gets harder and harder to determine the count. As follow-up to Councilmember Chock's question about vacation rentals, illegal and unrecorded, or those without permits, I think that the disconnect is useful as long as the real property tax function does not give any entitlements. Then at least we are taking money, right? At least we are taxing them and then I mean, it also tells us where our enforcement is failing, perhaps and how we need to beef that up. I have another question.

Committee Chair Kaneshiro: Go ahead, Councilmember Yukimura.

Councilmember Yukimura: We got the County revenues fees assessment and revenues. I was looking at the budget ordinance showing income, and in the first section entitled "Taxes," there is a public utility franchise tax and public service company tax. I

know I am supposed to know this because I have been around the longest, but I do not. Public service company tax is described as a utility tax in your information sheet. So why are there two (2) lines, one (1) called "Public Utility Franchise Tax" and one (1) called "Public Service Company Tax"?

Mr. Hunt: The public service tax is in-lieu of real property taxes. So these properties are allowed to get an exemption where they do not pay property taxes. So any of the PUC companies that want to register their water or utility lines and not pay property taxes, they pay a percentage. I think it is one point eight eighty five percent (1.885%) of their gross revenue as an in-lieu of tax. In addition to that, there is an actual franchise tax that they pay. So that is the separation. One (1) is tied to an in-lieu of property tax and the other is a franchising fee.

Councilmember Yukimura: Oh, okay. So your description of the public service company tax shows the "or in-lieu," as everything coming under the Public Service Company Tax. So it says, "Public Service Company Tax is that portion of revenues generated in excess of four percent (4%) rate established on gross income from public utility business conducted in Kaua'i County. Based on allocation made in public utility filings with State of Hawai'i, provided that the gross income from the public utility business is attributable to the County." And then it says, "Or taxation by percentage of gross income in lieu of assessment method." So in the ordinance itself where it says, Public Utility Franchise Tax, which the public service company tax...I am just wanting to know which is which. Who else do we have besides Kaua'i Island Utility Cooperative (KIUC)? Oh, we have Princeville.

Mr. Hunt: Some of the phone companies.

Councilmember Yukimura: Oh.

Mr. Hunt: Cell phone towers.

Councilmember Yukimura: Oh.

Mr. Hunt: Anything that is PUC-regulated that is considered a public utility.

Councilmember Yukimura: Okay.

Mr. Hunt: The bulk of it is, you are correct, the bulk of it is from KIUC.

Councilmember Yukimura: The bulk is from KIUC. Okay. Can you just give us a break down of these two line items based on entity tax?

Mr. Shimonishi: Are you asking for the breakdown of who pays or the amount?

Councilmember Yukimura: Can I get both, or is that a lot of trouble?

Mr. Shimonishi: We will cover the amounts in this worksheet.

Councilmember Yukimura: Okay.

Mr. Shimonishi: The details, and then if you want to see typically who is paying, we can get that.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: I know we only got this worksheet today. So as we go through it, I will give us a little time to review it. You can see in-lieu of tax is zero (0) and then the franchise tax is \$3,600,000. I saw it somewhere. It is budgeted at \$3,600,000. We will take any more questions on the presentation. Do we have any more questions on the PowerPoint presentation? If not, we will just go through this page by page. If questions come up, just stop me, and you can ask about a line item on it. This breaks down between the funds, General Fund and details all of the revenue items in the General Fund. We will start with page 1. Are there any questions on page 1?

Councilmember Kawakami: Are we licensing cats?

Council Chair Rapozo: Yes, we are.

Councilmember Yukimura: Yes, we are.

Councilmember Kawakami: Since when?

Councilmember Yukimura: Two (2) to three (3) years ago.

Councilmember Kawakami: Really? So they have a cat tag now?

Council Chair Rapozo: Well, you are supposed to.

Councilmember Kawakami: Okay.

Councilmember Yukimura: Actually, it is a source of revenue. If someone lets their cat go, loses it, and they do not have a license, then in order to get your cat back, you have to buy a license. It is helping to keep revenues going to the Kaua'i Humane Society for the work that they are doing with stray/lost cats and all of those.

Committee Chair Kaneshiro: You are can also see the public service company tax of \$4,000,000.

Councilmember Yukimura: Can we talk about that? The public service tax of \$4,000,000, and then there is also the...oh, Public Utility Franchise Tax is under the Highway Fund. So that must be for the poles, and that is KIUC?

Mr. Shimonishi: That is correct.

Councilmember Yukimura: Okay, and most of the Public Service Company tax is also KIUC?

Mr. Shimonishi: The majority of it would be, yes.

Councilmember Yukimura: I do not need a breakdown of the Public Utility Franchise Tax, which is clearly under the Highway Fund, and due to the poles. But I am curious about the Public Service Company.

Mr. Shimonishi: If I could just point out to the Members that you can see this year, our budget in the Public Service Company Tax, page 1, we have decreased that budget by \$250,000, and that is reflective of lower than expected, I guess, fees from the utility companies related to the lower cost in fuel as well. You also see our corresponding decrease in the Public Franchise Tax, in the Highway Fund. Just to make note of that.

Councilmember Yukimura: Why would the franchise tax...oh, because it is based on electricity?

Mr. Shimonishi: On the franchise tax is based on two point five percent (2.5%) of the gross sales of the utility. So the gross sales go down because of lower fuel costs. So we get a reduction as well.

Councilmember Yukimura: It is not a per pole thing?

Mr. Shimonishi: Correct.

Councilmember Yukimura: I see. I mean, that is the irony or the dilemma of utilities that they are trying to keep costs down, but then their rates and everything, if they are based on their operational costs, if that goes down, then they may get less income. Okay.

Committee Chair Kaneshiro: Are there any further questions on page 1?
Councilmember Yukimura.

Councilmember Yukimura: Auto driving instructors and auto driving schools, I am not sure I want to tax them, but there are schools, and we are showing zero (0) income.

Mr. Shimonishi: I would have to look back and see. I think some of this may be that the money is just being deposited into a business license or something that is more generic, because even if you look at the taxi cabs, there is nothing on that line item and there has not been anything for I do not know how many years. But we know that we actually do collect some fees. I think because there are minimal people, we have a tendency to put it into some other account.

Councilmember Yukimura: Why would we not be able to charge car rental companies through a business tax, or is the statute such that it really specifies it? I mean

pepper-spray, peddlers and vendor sales, manufacturers, firearms, fireworks, scrap dealers, and fireworks, but rental companies do not?

Mr. Shimonishi: I am not sure how to answer that.

Councilmember Yukimura: Okay. Alright. I guess we have to go look at the statute.

Committee Chair Kaneshiro: Yes, some of those questions we may need to go and have our resources look it up. So we are on page 2.

Council Chair Rapozo: I have a question.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: A lot of these lines are showing zero and what is the reason again? Driver instructor, driving school and the whole...firecracker, scrap dealers, fireworks, and even taxi cabs for that matter. I know we have secondhand dealers. I know we have fees. I know this for pawn shops because I used to have to pay, and I know that we have a few on the island right now. I do not understand why we are not showing the revenue.

Mr. Shimonishi: I think we have to review with our Treasury Department where these deposits are actually being posted. It could go into some generic business license type of account so we would have to follow-up with them on that.

Council Chair Rapozo: Should it not be in this area here?

Councilmember Yukimura: He has to find out.

Council Chair Rapozo: Well, I mean, as the Finance Director, do you not think it should be under licenses because that is what they are selling? That is what they are paying for. You are paying for a County business license. For the life of me, I would not know where else it would be. We will send it across.

Mr. Shimonishi: Okay.

Council Chair Rapozo: If we are not collecting, then I think we should start collecting. I know the licenses are there.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Or if we can clean up the accounting so that wherever they are getting paid, that would be helpful. Then we would not torture you with these same questions over and over again.

Mr. Shimonishi: Yes, I think this was a recurring question.

Committee Chair Kaneshiro: We are on page 2. Councilmember Yukimura.

Councilmember Yukimura: Why are we showing declines in Building, Electrical Plumbing Code? Are we not moving into a building boom?

Mr. Shimonishi: I did not get that from our Public Works people. I think they are seeing more of a leveling-off now, granted we have that subdivision coming up. But again, we looked back at prior-year 2016 numbers and tried to see should it be closer to that as opposed to continuing at the much higher rate. So I do not think our numbers are supporting our budget at last year's \$1,750,000.

Councilmember Yukimura: Okay. I mean, it is a glass ball prediction to a certain extent. I thought construction was really quite active. Maybe it is all going to the rail. May I?

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: Vidinha/Hanapēpē Stadium, zero (0). Rents and concessions. That is where we need to tell the State. But why would it be zero (0)?

Mr. Shimonishi: I am guessing it is being recorded in Center/Parks. If there are any fees...

Councilmember Yukimura: Where is this?

Committee Chair Kaneshiro: Right below.

Councilmember Yukimura: Right below?

Committee Chair Kaneshiro: Center/Parks.

Councilmember Yukimura: Oh, yes, that is it. Neighborhood centers. That is because for Kaua'i Interscholastic Federation (KIF) and those kinds of games, we do not charge anything?

Mr. Shimonishi: Correct.

Council Chair Rapozo: You are probably not the right person to ask, but concerts, farm fair, and all of that, we do not charge anything for the stadium?

Mr. Shimonishi: For the farm fair, no. Fourth of July, my understanding is no. Again, we could have a follow-up with Parks on that.

Council Chair Rapozo: I would suggest what Councilmember Yukimura just talked about. We need to clean up these lists. If we are not using these and they are going into centralized categories, we just have to clean this thing up and maybe this is the year to do it.

Mr. Shimonishi: I guess, the lesson for me is that I will just exclude those accounts from this worksheet because at one time, it was set-up so we just kind of have these.

Council Chair Rapozo: Or move it from wherever it is going because if you just exclude the accounts, then it still does not explain where it goes. I would much rather have this. If we do get revenue from the stadiums, that is where I would like to see it. I would not want to see it hidden somewhere else. So I think we just have to make sure it is going to the right place.

Committee Chair Kaneshiro: Another example would be the Spouting Horn vendors. I do not know if the rent is going through in other rentals or what?

Mr. Shimonishi: Actually, that probably at one time was in this fund, but subsequently was...

Council Chair Rapozo: We set up a special fund for that one.

Mr. Shimonishi: Correct.

Council Chair Rapozo: Councilmember Yukimura, do you remember we set that one up specifically where it would go into a specific fund? That one is by Ordinance. So that line should actually disappear. But all the rest, I do not know because then you get a better idea when you look at the rent and concessions, at least we have an accurate number. Right now, we do not because the Spouting Horn vendors are not there.

Mr. Shimonishi: They are listed on page 6 in the 209 Fund.

Council Chair Rapozo: Yes, I know. If I look at rents and concessions, which is what...where was it?

Mr. Shimonishi: Page 6 at the bottom.

Council Chair Rapozo: Yes, because that is the 209 Fund?

Mr. Shimonishi: Correct. At one time, it was existing in this fund and for auditing purposes, the account still remains.

Council Chair Rapozo: Okay.

Councilmember Yukimura: But that one you could remove then?

Mr. Shimonishi: Right.

Councilmember Yukimura: I have another question.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: On your relay stations, is that County land that is being used by telephone companies? Do you see where I am talking about? It is under Rents and Concessions on page 2. It is \$42,000. Twenty-one percent (21%) increase.

Committee Chair Kaneshiro: Let me know, Ken, if you need to work it up or send it later.

Mr. Shimonishi: I was looking it up on my worksheet to see if I had some narrative with that. But I think the adjustment was made primarily due to if you look at the prior year, what funds were coming in Fiscal 2016, at \$42,690. Last year, our budget was only \$34,500, so we bumped it up closer to what was coming in.

Councilmember Yukimura: But what does...so relay stations are the phone companies?

Mr. Shimonishi: I would have to check what that is.

Councilmember Yukimura: Is it Wi-Fi too? Is Wi-Fi considered a relay station?

Mr. Shimonishi: I do not know that we charge for that.

Councilmember Yukimura: That is getting to be a big deal now, right, having Wi-Fi?

Committee Chair Kaneshiro: They will get back to us on what is a relay station.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: Are there any further questions on page 2? We will move on to page 3.

Council Chair Rapozo: I have a question on the State burials. Is that just an estimate on our part? It is based on the amount of burials that we do, right?

Mr. Shimonishi: Yes.

Council Chair Rapozo: So we are just estimating that because I know there was a pretty good drop between 2016 and 2017. Are we meeting the need, I guess? You are probably not the person. You are just the Finance person. We will send the questions over to the appropriate people. That is Parks & Recreation as well, right?

Mr. Shimonishi: Right.

Council Chair Rapozo: Okay.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Federal payment in-lieu of taxes, I am guessing that is the Kīlauea Lighthouse LORAN Station. That is not on County land. Sorry, it is on the island. Pacific Missile Range Facility (PMRF), they do not pay in-lieu taxes, right?

Mr. Shimonishi: No. I think you are talking about the Refuge Revenue Act. So that, I believe, is \$25,000 in the Highway Fund. I think it is for the Kīlauea...

Councilmember Yukimura: Lighthouse.

Mr. Shimonishi: Lighthouse and I think there is one in Nīumalu that is covered by that.

Councilmember Yukimura: Fish and Wildlife?

Mr. Shimonishi: Yes.

Councilmember Yukimura: So that is under...

Mr. Shimonishi: That is on page 5.

Councilmember Yukimura: Page 5 where it says, Refuge Revenue Act?

Mr. Shimonishi: Correct.

Councilmember Yukimura: Okay, and we get \$25,000.

Mr. Shimonishi: Right.

Council Chair Rapozo: So we do not qualify for the Payment in Lieu of Taxes (PILT)?

Mr. Shimonishi: I am sorry?

Council Chair Rapozo: The payment in lieu of taxes. We do not qualify for that? I mean, I did not think we got any, but now as you are mentioning that I am wondering. Is that own by the Federal government, that land?

Mr. Shimonishi: So I just know that this money when I researched it the last time...

Council Chair Rapozo: But it is two (2) separate programs, right, the Refuge Act is one. I do not know if you get that, you lose PILT. We will follow-up with NACo, and Western Interstate Region (WIR) because I thought we get a little bit. I thought we

actually do get a little bit of that. It is insignificant, but I am curious if that Refuge Act supersedes the payment in-lieu, but we will find out.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I bet if we look at the history, Big Island has a huge in-lieu fee for their roads because of the national parks and that may have been because of Senator Inouye structuring it like that. Remember they have lower vehicle weight and fuel taxes because they have this big federal payment for their roads? I think it is related to the national parks, I am not sure. But I guess maybe those days are gone, where Senators could structure in-lieu payments whether it is Highway Fund or some other County fund because of the presence of Federal parks. So it might be worth finding out. I do not know if in this day and age it would be possible to do, but we could point it out as a model of what has been done for one (1) County in Hawai'i, and see if we can get some. We do not have a national park.

Committee Chair Kaneshiro: PILT is always a big subject when we go to D.C. You have Counties with ninety-five percent (95%) of their entire County is Federal lands, so they are not even able to generate any income off ninety-five percent (95%) of their properties. So the government pays them a PILT amount. In our case, maybe people thought that money is competitive, maybe we are getting money in refuge type of fund or national park fund, which people are not fighting as hard as. I know PILT money is pretty hard in D.C.

Councilmember Yukimura: It is hard to get.

Committee Chair Kaneshiro: It is hard to get. When I talked to the Big Island about it, I do not think they get very much PILT money. They may be getting money through somewhere else. They said that the PILT money they get is very insignificant.

Councilmember Yukimura: Senator Inouye was very smart in how he structured things and much of it under the military budget because he was Chair of the Armed Forces Committee for a long time.

Council Chair Rapozo: I just checked the PILT website and Kaua'i does not get any. Honolulu gets \$5,700, Maui \$26,000, and the Big Island \$320,000.

Councilmember Yukimura: It is not a very good tree to bark up.

Council Chair Rapozo: It is about \$2 an acre.

Committee Chair Kaneshiro: Yes, and the Big Island has a lot of acres in Federal parks, and they get \$300,000. They said their budget is way larger than ours, so the \$300,000 is almost nothing in their budget.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Are there any other questions on page 3? If not, we will move on.

Council Chair Rapozo: The Transportation, the last item is showing a reduction of \$100,000. Is that again, an estimate that we are losing revenue?

Mr. Shimonishi: Well, I think we look at the prior year's actual that was at \$971,000 in 2014, in 2015, we were at \$1,065,000, and then in 2016, we were at \$1,800,000. Our last year budget, we were at \$1,100,000, so we kind of took it down a little.

Council Chair Rapozo: Got it. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Your camping and charges current services, that has all moved to Parks? Is that what is happening here?

Mr. Shimonishi: It is not moved. Was your question if it moved to Parks?

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: There is just no change in the budget.

Councilmember Yukimura: Oh, okay.

Committee Chair Kaneshiro: They are anticipating \$100,000.

Councilmember Yukimura: Okay. Driver exam, taxi, handicap, that is a \$85,000 decrease that is in the same area.

Mr. Shimonishi: Correct. Looking at what we had in the prior Fiscal Year of \$220,000. So our last year budget was a little high or seemed a little high at \$300,000, so we adjusted it down as well.

Councilmember Yukimura: So this year, you are just looking more carefully at your line items.

Mr. Shimonishi: Trying to adjust where we think we should.

Councilmember Yukimura: And drivers exam, taxi, handicap, what is that exactly? Is it people who want to have a handicapped sticker?

Mr. Shimonishi: I think that is all inclusive of drivers' license fees including that as well.

Councilmember Yukimura: Oh, okay. So it is like a conglomeration?

Mr. Shimonishi: Right.

Councilmember Yukimura: I see. So driver's license fees?

Mr. Shimonishi: Right.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: We will move on to page 4. Are there any questions on page 4?

Councilmember Yukimura: At the bottom, license and permits, motor vehicle passengers, is that the vehicle weight tax?

Mr. Shimonishi: That is correct, and that would be inclusive of the heavy trucks.

Councilmember Yukimura: All of it?

Mr. Shimonishi: Yes.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: We will move on to page 5.

Councilmember Yukimura: What is TCD/RPA?

Mr. Shimonishi: That is interest related to any certificate of deposit.

Councilmember Yukimura: Oh, CDs.

Mr. Shimonishi: Yes.

Committee Chair Kaneshiro: We will keep going, page 6.

Councilmember Yukimura: Beautification Fund. How do we get the revenues for that?

Committee Chair Kaneshiro: Beautification fees, that comes out of what?

Mr. Shimonishi: That is part of the vehicle registration. I think it is \$5 or something, and that goes into this special fund.

Councilmember Yukimura: What can it be used for? It just goes into the Highway Fund?

Mr. Shimonishi: I believe they use that primarily to process...I think a good chunk of it is used to process abandoned vehicles.

Councilmember Yukimura: Oh, that is right. That is expensive if it is all used for that.

Committee Chair Kaneshiro: Page 6, and this may be a question I will have to send to Solid Waste. But I think it is a question that came up a lot and I see landfill disposal charges as an increase. I do not know if the refuse residential fees would be the containers.

Mr. Shimonishi: Right. So again, on the landfill disposal charges, looking back at last year, we collected \$5,100,000 and the year before, almost \$4,900,000. But if you look at our budget 2017 was \$4,100,000, so thus the adjustment was made upwards closer to \$5,000,000, and that is where we may have that issue of trying to just calculate on a pure tonnage basis and the rate per ton. Does that actual come out to the revenue that we are generating? So a follow-up to Solid Waste on that to confirm.

Committee Chair Kaneshiro: It was not because of the monthly fees, now that you look at the schedule. They look like they under budgeted last year at \$4,100,000.

Councilmember Yukimura: But if those fees pour into this line item, it might be the cause for greater fees because they are landfill fees. The charges that the homes, those cart charges are...well, it might be collection costs as well as landfill. I mean, is this \$900,000 part of the \$1,000,000?

Mr. Shimonishi: That is correct. That makes up the bulk of the \$1,000,000. Again, we are comparing our proposed budget to last year's budget and just making adjustments because when we looked historically, if we are really doing something different, then we try to.

Councilmember Yukimura: So there would be a disconnect. If we are collecting landfill fees based on per container costs rather than per ton that goes into the landfill, we will have a disconnect between the tonnage that we measure that goes in and the revenues that we get, right?

Committee Chair Kaneshiro: We will send a question to Solid Waste to give us better detail on what the landfill disposal charges are, why it was lower last year, and why we made the adjustment this year because I think we got different answers every time.

Councilmember Yukimura: I think one (1) of the things to make sure in terms of diversion, how much we are actually putting into the landfill and how much we are recycling and diverting is the actual tonnage. Hopefully, that will be properly measured. I mean, I think when I was Mayor and we fast-tracked the new landfill after the hurricane, I think that was the first time we had a scale. So that is an issue. How much is actually going into the landfill? We need to know that no matter what the revenue picture may be. So we want to make sure that they are doing an accurate job measuring how much is going in and

the Kekaha folks want to know, too, because supposedly their Host Community Benefits is per ton. So you want that to be accurate, and then to figure out this revenue thing.

Committee Chair Kaneshiro: Are there any further questions on page 6?
Councilmember Yukimura.

Councilmember Yukimura: So they have refuse residential fees that must be where the...

Committee Chair Kaneshiro: That is why I said when they gave me an answer prior, they said it was because of people using larger containers. But when we look at the revenue schedule, that is not the story. So that is why we are sending a question over to clarify it.

Councilmember Yukimura: I remember that I think the container fee includes both the residential fee and a landfill component to whatever fee they determined, which is why...okay. We will wait until they get it clear.

Committee Chair Kaneshiro: Are there any further questions on page 6? If not, we will move on to page 7. As we get into the other funds, sewer and housing, we may have to send the questions through because Ken may not have the answers for them.

Councilmember Yukimura: Yes. Is there housing on this page?

Committee Chair Kaneshiro: It is on the top of the page.

Councilmember Yukimura: Oh, community development. Sorry.

Committee Chair Kaneshiro: We will move on to page 8.

Councilmember Yukimura: My favorite.

Committee Chair Kaneshiro: Councilmember Yukimura, I know you had a question about the golf revenues. I do not think that Parks has proposed any increases. So this is based on whatever current fees we have now. If they came in later in the year with proposed increases that we need to vote on, then that would change the number. As of right now, they are just looking at the current rates.

Councilmember Yukimura: It is really harder when the fees come in after we set the budget.

Committee Chair Kaneshiro: Well, it is better to be conservative.

Councilmember Yukimura: Correct.

Committee Chair Kaneshiro: And pass a budget based on what it is currently. Then, if the fees come in, then it will help us.

Councilmember Yukimura: Yes. I agree, but I also think it is better to bring in the fees a couple of months before budget.

Committee Chair Kaneshiro: Who knows? Maybe it will come in a couple months before the next budget.

Councilmember Yukimura: So the greens and locker fees show a decrease of \$10,000. What is that?

Committee Chair Kaneshiro: Right. Again, these are estimates provided by Parks. If you look at last year's budget, \$1,032,000 versus what was the actual collections in 2016. It was just \$1,014,000, so there is a slight downwards adjustment there.

Councilmember Yukimura: Yes, but the report was "Oh, things are picking up and we are going to extend the..."

Committee Chair Kaneshiro: Are there any further questions on page 8?
Councilmember Yukimura.

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Kalepa Rental Complex. Complex 4 is showing no rents. Is there a reason for that?

Mr. Shimonishi: It is probably that we just need to split that line above between the two (2) areas.

Councilmember Yukimura: Yes, I do not know...

Committee Chair Kaneshiro: It looks like it just provided it all in Kalepa Rental Complex 1.

Councilmember Yukimura: Okay, that is true.

Committee Chair Kaneshiro: They might just be showing all the Kalepa rental income as one (1) line item.

Councilmember Yukimura: So it should be Kalepa rental, period for our purposes. On the Kalepa rentals, that is a fund in and of itself, right? It does not generate any real revenues for the County except to pay the housing costs and to put aside the replacement reserve and all of these things?

Mr. Shimonishi: Correct.

Councilmember Yukimura: Yes.

Mr. Shimonishi: Kalepa and Pa'anau are, I guess, what you call enterprise funds.

Councilmember Yukimura: Yes, but they are self-sufficient. We are not subsidizing them.

Mr. Shimonishi: Correct.

Councilmember Yukimura: Boy, if we can do that with affordable housing, we should be able to do that with our Golf Course.

Committee Chair Kaneshiro: Ouch. We will move on to page 9. Are there any questions on page 9? This is our final page and we are coming up on a caption break. So the plan is if we do not have any more questions for Revenue, we will take the caption break, and then we will have the Office of Economic Development (OED) come in after the caption break. No further questions? We will take an early caption break then, BC. We will take a ten (10) minute caption break, and around 11:00 a.m. or 11:05 a.m., we will have OED come in.

There being no objections, the Committee recessed at 10:52 a.m.

The Committee reconvened at 11:10 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back, now we are on the Office of Economic Development so we have Nalani here.

NALANI BRUN, Program Administrative Officer: Good morning, Nalani Brun, Program Admin Officer, for the Office of Economic Development. We have a presentation here and I am just going to do a really quick overview of some of the larger items that we have that is different in there. So our larger adds which were \$30,000 and above included the Kekaha Host Communities Benefits Facilitator position and that position was previously in the Mayor's Office and it has been moved to our office. We have also included \$30,000 as match funds for the climate action plan for this year and previously we have asked for \$90,000 and that did not get approved last year. We spent a year looking for partners and Ben can talk to that and we are happy to say that we probably have about a \$150,000 total and that is including all the match, so Ben has been out doing his homework in getting that done. We also have the off-duty police grants which are in the budget at \$32,605 that is twenty five percent (25%) less than what we asked for previously. Last year we asked for the funds and they were not approved and we came back later to ask for them so this is at (25%) less. We are going to be asking each organization that gets those funds to take a twenty five percent (25%) cut, so we are giving them a lot of leeway ahead of time so they know they need to incorporate some kind of mechanism to make the funds up somewhere else in their budget.

As far as efficiency, one of the things we wanted to do that is pretty big for us this year is to put all of our "pots of money" into an RFP process. So basically we will be taking pots of money from emerging markets, energy and sustainability, tourism which has been already there, cultural programs all into separate pots of money and we are just going to issue one big RFP at the beginning of the year and ask for projects. That way it makes us

more efficient of course is that we are going to be able to keep everyone on the same timeline because right now we have people starting up at all different times out of the year, and what ends up happening at the end of the year is we have huge overlaps of projects and it is really hard for us to keep. What ends up sometimes being one hundred twenty (120) grants all running at the same time on different schedules and it is difficult, so we would like to take the bulk of it and do it that way.

For salaries, benefits and OPEB, we are proposing an expenditure of a million, twenty seven eight one eight compared to seventeen, which is nine hundred and eighty three, so that is an increase of 4.5%. We reduced grants-in-aid, we were asked to reduce by 25% and we made it to 18.6% so that is where our large cut was. In other services operating expenses we increased by \$10,300 and really that was because we started to shift things around. When we opened up the grants line item last year which was a new line item for us, we did not quite move all of the right things in the right places so that ten thousand, three hundred and really represents movement back to operating which we had some things in the wrong area. OED operating expenses increased by 30.2% and the total reduction is 4.6% from last year. As far as vacant positions, we do have and I believe we sent over an explanation, but we do have one position 9210 and that is actually a clerk position that I used a long time ago for the Hawai'i Tourism Authority funds. We had a support person that did that part time and eventually that number was used for our program enforcement officer. They have been using that number and as of right now we are working with H.R. to come up with a new number for that position because clearly a program enforcement officer is not the same as a clerk, so we are working on making that adjustment, and I am so happy to see that George Costa is here and I will move over.

Committee Chair Kaneshiro: Just let George know where you left off first or if you want to finish up anything you had to say Nalani on the budget presentation and we might be able to ask questions on that short budget presentation and we will go into the numbers. I know OED did provide a larger narrative that has a narrative for every single project, so if you have questions on that we can go through it in the budget and I will check off the ones that we have questions on. Nalani do you have anything more on the general budget presentation?

Ms. Brun: No, nothing else.

Committee Chair Kaneshiro: Okay, welcome George. Do we have any questions for OED based on...I had a question. The RFP process is the criteria and date that it will go out and what people need in their presentation, or what kind of information they need to provide to be able to access this type of money? The people chosen, who will judge the RFP? Is all of that set up already or can you give us a little more info on that?

Ms. Brun: Yes we have a draft so we are trying to work in April and May on finishing the draft of what it is. We are actually using part of how we do it with tourism and partially of how the Big Island researched an economic development office does their RFP. They actually do one big combo and send it out so we are trying to learn from what they are doing and also incorporate all the things that we know our attorneys need. Once we get through with today, we are going to start sending the letters out to notify everyone exactly how it will be done. A lot of them know because they have been doing it, it

is just pretty much the ag industry that will be the newest to the group in doing this type of RFP. We will also be having selection committees for each area so there will not be the same people for each pot of funds. We are working on those details now and we should have drafts of everything done by the end of April.

Committee Chair Kaneshiro: Councilmember Yukimura then Council Chair Rapozo, then we will get to you Councilmember Brun.

Councilmember Yukimura: Thank you. Wow, thank you for hearing the Council last budget and for doing all this work that I think will make a much better process for both your office and the people who will be submitting proposals...really, thank you. What exactly are those areas that you are putting under this rfp process?

GEORGE K. COSTA, Director, Office of Economic Development: I just wanted to add to that for the Office of Economic Development, in our grants-in-aid we have basically three sectors, tourism obviously the lion's share goes towards Kaua'i Visitors Bureau. The other two sectors under economic development which we list all of our CEDS Projects, like the Kaua'i Creative Technology Center, the food production center, and any other CEDS projects that we have. The third sector that really gets the lion's share of grant moneys is agriculture, so in working with Nalani and her through her suggestions and her experience working with the HTA grants. We are basically going to have two sectors for funds, right now we are proposing fifty thousand for economic development which various organizations can apply for and the other one is the agricultural sector. This current fiscal year there is about a hundred forty five thousand dollars in agricultural grants and we are requesting a hundred and twenty thousand dollar fund and of which those same organizations can apply, but other organizations that have not been able to apply will also be able to apply for those funds for agriculture.

Councilmember Yukimura: That is excellent and congratulations too for not reinventing the wheel but tapping into your sister economic development offices and using what they have learned...that is very good. The Big Island has a very dynamic economic development, so good for you. So \$50,000 for the CEDS, hundred twenty thousand for agriculture and tourism, which I acknowledge is mainly through KVB, is how much?

Ms. Brun: We have fifty thousand in product enhancement projects, forty five thousand in special events and grants and we also have the alternative energy projects at twenty thousand. Most of these things we gave them each a 25% cut so what they were last year it is 25% less.

Councilmember Yukimura: It was special events, energy projects...

Ms. Brun: And product enhancement.

Councilmember Yukimura: And product enhancement is how much?

Ms. Brun: Product enhancement is \$50,000.

Councilmember Yukimura: Okay and this is in addition to CEDS and agriculture or do they overlap? The fifty thousand in CEDS and the \$120,000 in agriculture?

Ms. Brun: Those are each separate pots of money and we also have...one, two, three, four, five, six pots.

Councilmember Yukimura: Okay and people are competing for the specific pot?

Ms. Brun: Yes they decide which pot they want.

Councilmember Yukimura: The money and the criteria variance?

Ms. Brun: Yes.

Councilmember Yukimura: And tourism was? And the amount that goes into tourism...well the one that goes to KVB is...

Ms. Brun: That is a designated line item.

Councilmember Yukimura: Okay, so it is CEDS, agriculture, special events, product enhancement, and energy special projects.

Ms. Brun: Yes.

Councilmember Yukimura: Thank you. That is really an excellent direction that you are going in.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Thank you. My first question is on the position. I am showing 9210 as a vacant position since 2014 and I am not showing that position on your budget, so where did that 9210 go?

Ms. Brun: It is an eighty nine (89) day contract now. So it is on...when we started that position it was during the...

Mr. Costa: Ordinance 960, it is the compliance specialist position.

Council Chair Rapozo: Right.

Mr. Costa: And that is an eighty nine (89) day contract which we have continued obviously not so much for the Ordinance 960, but that person assists with the sunshine markets and so basically it is a compliance responsibility but that person's main focus is on sunshine markets. We used to have a grant to Garden Island RC&D and they would hire sunshine market monitor and now we are using that position to be the sunshine market monitor.

Council Chair Rapozo: But that is paid through the County; it is not a grant?

Mr. Costa: Right, through the County.

Council Chair Rapozo: And where are those funds coming from? Because that position does not show up on the...

Ms. Brun: It does not. It has been assigned to that eighty nine (89) day contract hire on page 1.

Mr. Costa: Page 1. When you see the listing of the OED staff and right underneath there is \$52,000 wages and contract hourly contract eighty nine (89) day contract hire, \$52,000.

Council Chair Rapozo: Okay and what is this clerk typist temporary? It is an SR-8?

Mr. Costa: Yeah that position was there and that person assisted Nalani with the HTA Grants and Workforce Developments with the WIA grant, but that position has not been filled.

Ms. Brun: No, we used that position number to do the eighty nine (89) day contract hire.

Council Chair Rapozo: Oh I thought you folks used 9210? No it is just a temporary...

Mr. Costa: Clerk. Yeah that position is 9210.

Ms. Brun: I do not know why the number is not there.

Council Chair Rapozo: Okay so 9210 was a clerk typist?

Mr. Costa: Right.

Council Chair Rapozo: It was an SR-8?

Ms. Brun: Yes.

Council Chair Rapozo: Which is what? A SR-8 is probably \$20,000?

Ms. Brun: Yes.

Council Chair Rapozo: And you folks took that position and converted it back in Ordinance 960?

Mr. Costa: Ordinance 960 when we were required to do the compliance.

Council Chair Rapozo: So after that bill that was back then?
Mr. Costa: Right.

Council Chair Rapozo: You still kept the position?

Mr. Costa: We still kept that position to do the sunshine markets.

Council Chair Rapozo: And that went up to \$52,000? I am just curious as to how you are funding that because there is no money. I do not know where... I am not showing a line item. Is that clerk typist temporary position you are saying it is 92-10 and this is telling me it is funded by another source. Who funds that position?

Mr. Costa: No we do, it is in this year's current budget as well.

Ms. Brun: It is under wages and salaries under eighty-nine (89) day contract hire.

Council Chair Rapozo: Okay and you plan on keeping that forever?

Mr. Costa: We are assessing that situation. It might go back to another grant or become a permanent position we are not sure at this time.

Council Chair Rapozo: You mean a permanent civil service position?

Mr. Costa: Well that was never a civil service position but we are trying...

Council Chair Rapozo: The clerk typist was civil service right?

Ms. Brun: It was exempt, it was another exempt position. It was grant funded and...

Council Chair Rapozo: I tell you these reallocations just drive me nuts, it just kills me. Okay so that is going to stay on as a eighty nine (89) day contract?

Ms. Brun: Yes.

Council Chair Rapozo: Okay, I have some questions about the programs?

Committee Chair Kaneshiro: I will go to Councilmember Brun and we will come back to the programs. Councilmember Brun...

Councilmember Brun: So for this year's budget for salaries it went up \$43,000?

Mr. Costa: Right.

Councilmember Brun: But we brought over the Kekaha Host Community person for \$60,000?

Ms. Brun: Yes, they are not County staff member, they are contract.

Mr. Costa: Contract.

Committee Chair Kaneshiro: It is showing up as special projects.

Mr. Costa: Special projects, right.

Committee Chair Kaneshiro: On page 97.

Councilmember Brun: I am just not understanding how we went up only \$43,000 but we are budgeting for a \$60,000 position.

Mr. Costa: Because that was actually going to come in as a reduction in that area but with the \$60,000 now instead of a reduction it is an add.

Councilmember Brun: So the \$60,000 is part of this 1.027?

Ms. Brun: Yes.

Councilmember Brun: Okay, thank you.

Committee Chair Kaneshiro: Any further questions? We can go to the projects and we will work off of the budgeting pages and we will go through the projects. If you have an answer that is referenced in the budget narrative than you can tell us what page it is and we can all be on the same page. I know we will probably be jumping all over the place but we will get through it. Council Chair...

Council Chair Rapozo: On page 96 airport greetings. Do we get any funding from the state for airport greetings?

Ms. Brun: No we do not. We used to get funding.

Council Chair Rapozo: I thought we used to split it?

Ms. Brun: Yes we used to split it and what happened was they decided to do one big contract and the funding was from Hawai'i Tourism Authority and

they did not want to do individual contracts with the different counties, so they ended up just putting the money all with the visitor program at the airport. So all the islands' money went to one pot and that team is divvying out to the different islands, so we are kind of matching it, it is just that someone else is handling how those funds are working. We are working back and forth with them though because we have to decide on schedules and we want to still maintain the same coverage so we need to both kind of be playing together in the sandbox to make sure that what we want to do is actually being covered. And it is working, it has been working.

Council Chair Rapozo: Well the State is not playing together in the sandbox and that is the problem, we have a problem with the State in getting revenues.

Ms. Brun: Yes.

Council Chair Rapozo: I am just saying that wherever we can reduce our budget that should be handled by the State then they should handle it, that is just my position. Harvard readings come out of where?

Ms. Brun: Actually that is paid for by Hawai'i Tourism Authority.

Council Chair Rapozo: Okay so we do not fund that at all?

Ms. Brun: We do not fund that.

Council Chair Rapozo: I noticed you said some of your programs are not RFP—I know some of these are saying match, match, Holo Holo, match, what is—of course RFP. I know what RFP. What is the match and Holo Holo?

Mr. Costa: What page are we looking at?

Committee Chair Kaneshiro: Page 97.

Council Chair Rapozo: I am looking at page 97. You have all of the lists, and a lot of the projects.

Mr. Costa: Oh, okay.

Council Chair Rapozo: I am leading to the removal of the YWCA funding because that is not on here this year and I am not sure why. But I heard you say you wanted to go to a bigger RFP style where you go out to bid. I do not know who would bid against the YWCA on a sexual abuse hotline, I do not know where you do not find those people around, nor the services that they offer and they have been offering for a long time. So that is gone. But I am just curious, on the line items, let us say the Visitor Industry Plan Monitoring (Match), what does that mean? Is that an RFP?

Ms. Brun: No. So basically that one, we have of a match from the Hawai'i Lodging and Tourism Association.

Council Chair Rapozo: Okay.

Ms. Brun: If it says "match," it means that we actually have matching funds coming in that they are willing to give us.

Council Chair Rapozo: Who does the selection?

Ms. Brun: It is usually would be the person who takes the grant, which in past, has been the Kaua'i Visitors Bureau (KVB).

Council Chair Rapozo: So the \$12,500 would go to the Kaua'i Visitors Bureau?

Ms. Brun: Yes.

Council Chair Rapozo: What is Kaua'i Nui Kuapapa?

Ms. Brun: That is the sign program. Right now, the signs are all pretty much going to be going up this year. Next year, we are pushing continuing the build-out of the website with information from the community as it comes in, and we are also working programs into the schools now.

Council Chair Rapozo: Okay, but that is not RFP?

Ms. Brun: That is not RFP.

Council Chair Rapozo: Okay.

Ms. Brun: It has a specific Holo Holo project and a partner already.

Council Chair Rapozo: Well, so does the YWCA.

Committee Chair Kaneshiro: I have a follow-up question.

Council Chair Rapozo: Okay.

Committee Chair Kaneshiro: Are we planning to fund the education at schools every year for that?

Ms. Brun: No. We had three (3) phases and this is Phase III, so we are at the very tail-end of it.

Committee Chair Kaneshiro: Okay. Thank you. We will stay on one at a time and then we will get rid all of those questions. I am going to mark them off my sheet so that

we do not keep going back and forth. Are there any further questions on Kaua'i Nui Kuapapa? If not, Council Chair Rapozo, you can keep going.

Council Chair Rapozo: I guess I am trying to get a handle on what provides for a match, what provides for Holo Holo, and what provides for an RFP. The Ni'ihau Language Preservation, is that a match?

Ms. Brun: That, we do not have a match yet. We are planning to get a match from the Administration for Native Americans. That is who we are applying to, but it is a much larger sum than this. This is just to get us going and get the commission running.

Council Chair Rapozo: Where would that money go?

Ms. Brun: That will probably go to a partner, one of our Hawaiian cultural partners.

Council Chair Rapozo: But not RFP?

Ms. Brun: But not RFP.

Council Chair Rapozo: I think you see my concern. Other cultural projects, Holo Holo, what does that mean?

Ms. Brun: Holo Holo typically just means that the Holo Holo project usually have first dibs on the funds. So if someone comes in for funding and they happen to be a Holo Holo project, they will probably get extra points in the RFP system.

Council Chair Rapozo: Let me ask you, George, I do not know who is in charge and if it is the Administration or you or what. So your position in this year's budget is that the Holo Holo projects, \$30,000 worth, is more important than the YWCA function? We removed it. They will have to go out to bid, but somebody comes up with a Holo Holo cultural project and they get extra points?

Mr. Costa: Right.

Council Chair Rapozo: Is that your position?

Mr. Costa: We want to look at some new projects, cultural related projects.

Council Chair Rapozo: I understand. I am not questioning the \$30,000. I am questioning the removal of the YWCA funding, which they have been a partner, a very important service for this County, and if you do not believe me, ask the cops, ask the victims, and even ask the culprits. All of a sudden poof, gone. We are going to RFP. How do you RFP something like that? How in the world do you RFP a twenty-four (24) hour sexual abuse

hotline? I do not know. I would just like to know whose decision was that to take it out and why, that is all.

Mr. Costa: Well, it was a combination decision. One, we looked at the other economic development recipients, and we looked at agriculture as I mentioned, economic development. As you mentioned, we have been a partner with the YWCA for years, and I know from the Office of Economic Development, we have been funding over \$100,000 at least for the last eight (8) years. There are other agencies in the County that support that very valuable organization. We just wanted to focus more of those funds towards other economic development and cultural projects, but with opportunity to apply in those pots of money that we have.

Council Chair Rapozo: How in the world are they going to compete against a cultural project if that is the priority? They are not a cultural organization. I would just like to know. This Council, I am going try to get the support to put some money in and it is going to come from someplace. But if is that your position that the important priorities with the cultural programs of the island Holo Holo, I just need to know that because we need to make an adjustment because that to me, is ridiculous. Number one, I think that is crazy, and number two, we need to make sure that services do not stop.

Ms. Brun: Yes, absolutely. YWCA is very important.

Council Chair Rapozo: It is not being reflected in your budget.

Ms. Brun: We were asked to make a twenty-five percent (25%) cut in Grant-In-Aid. When we did that, we had to make huge choices, and one of the things we did was we went with our mission, and our mission was economic development. It has long been said by us that this is a great program, it is just in the wrong Office. It just did not fit in economic development. When we made the cuts, that is basically what we did. We had go out with that first. You are right, they would not apply to these pots of funds.

Council Chair Rapozo: Economic development has always been the placeholder, whether they belong in economic development, we all know that. You just brought a facilitator for host community benefits into economic development, and that is not an economic development function. It is not. So if it is not in your Office, it maybe should be in the Mayor's Office, and it is not anywhere. It is poof, and that is frustrating for me. It is not me as a Councilmember or me as a former cop. We all have family members and I cannot even talk. I am so upset, that have utilized their services and to just say, "Well, do you know what? The cultural thing, the Holo Holo signing project, these climate change projects, and these green metric projects are more important than a sexual abuse hotline." I do not know. Now I question the priorities of the Administration. I really do. Thank you.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: Can we please get the Finance Director up and maybe Ms. Hamilton up as well for questions being that we are talking about YWCA? Can we get you to come up, I have a question.

Committee Chair Kaneshiro: Maybe it might be better to E-mail the question because...

Councilmember Kawakami: We are talking about Grant-In-Aid and we are talking about rational nexus on where the grant fits. So I want to know what other departments utilize Grant-In-Aid so we can find a place for the YWCA. If the Prosecuting Attorney has Grant-In-Aid, maybe they should be granting to YWCA, or if it is the Administration. But I think what we are talking about is we do not want to see the services that YWCA provides fall through the cracks without another department. So I just want to get a grasp in totality on what are the departments that utilize Grant-In-Aid. I do not think OED can answer it. Since we do have appropriate people that may be able to answer it, we may be able to get the question right now. If not, we can E-mail it over, but it should not be that difficult a question to answer. Does Police have Grant-In-Aid because these are all rational connections to YWCA? If they are saying they are cutting YWCA because they are focusing on economic development, that is fine, but some other development needs to pick it up so those services can continue.

Council Chair Rapozo: Real quick. I agree one hundred percent (100%) and I do not want to E-mail it over either. We have this budget all day today. We are way ahead of schedule. Is the Managing Director here, or the Mayor, or somebody? I do not know if the Finance Director can make the call. I would just like to know if it is the Administration's intent to remove that funding. That is what I want to know, because I understand that it does not belong in OED. I agree with you one hundred percent (100%). But is it the intent of the Administration to remove that funding? Because if it is, we are going to have to find a someplace else. We are going to have to find that money from someplace and put it somewhere. I think the Office of the Prosecuting Attorney may be the appropriate place for now. I do not know.

Mr. Costa: If I could answer. Councilmember Kawakami's question, we looked at this and we worked with Renae a few years ago looking at different funding sources for YWCA. I believe the Office of the Prosecuting Attorney funds YWCA, maybe not for the same programs. The Housing Agency has a program that helps with YWCA. That is my understanding. There are other departments that do currently help to fund YWCA, and OED is another source. So maybe those funds can be shifted over to those departments. Again, I am not sure what programs are being funded by those other departments.

Councilmember Kawakami: No. It is just because before we jump on you, we just want to make sure that perhaps there was some kind of conversation, just like Host Community Benefits Coordinator coming over to your Office, then maybe perhaps this grant has some discussion about shifting it over to a different department. If that discussion has not been had, then this is the appropriate time to have it because at the end of the day, we are going to move money where we think it is most appropriate.

Committee Chair Kaneshiro: We do have a Grant-In-Aid section in the Mayor's budget. It has things like American Red Cross. So I guess is it the intent of the Mayor's Office or the County to not provide a similar grant as in the past to YWCA?

Councilmember Kawakami: While I still have the floor to also add in to get some communication from the cultural projects on how much OHA is also matching, because they should have some skin in the game? Thank you, Committee Chair Kaneshiro.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: If we are going to have that discussion with the Administration, which I think is a good discussion. Because the reason why we are having it is over the past few years, we have seen these Grant-in-Aid come under attack, or just deletions, because of the state of our budget. And so it is about prioritization, and that is what we have to answer for these hard questions. So I understand, everybody is interested in all of these different projects and they are all important for us. I think for me, the question is if we are going to move towards this RFP process, which I think is a good idea, in the sense that it is giving everyone a fair shot because we cannot answer everything. This should be across the board from my standpoint. We have Grant-in-Aid in parks, and we have them in the Prosecuting Attorney's Office and we have them in a lot of different departments. So I think for me, what is the plan for this, from the administrative perspective, because we cannot serve everybody, we cannot give everyone what they want. And so how do we do it equally and fairly? Councilmember Kawakami, do you want to really ask her? I do not want to restate what your question was earlier.

Councilmember Kawakami: I think in general...

Committee Chair Kaneshiro: And see if they can answer and if not, we need to get it in writing.

Council Chair Rapozo: I had the question for the administration, whether or not it was their intent to not fund the YWCA program? That is simple yes or no. Can someone come up and give us that answer? Maybe you can text them to George and he can tell me—however you operate. I just would like to know if the YWCA funding was intentionally taken out. That is all.

BERNARD P. CARVALHO, JR., Mayor: I think overall we are trying to really look at the overall program, like looking at how we restructured and we are open to that. We have talked about it as you can see. Specifically to YWCA, I think it is a great program with great projects, but I thought collectively looking at the whole picture, like American Red Cross and certain pieces that fall into different categories that we can talk about. Then we kind of help that along and move it to the next level. YWCA does have funding from different sources. \$300,000 for housing I think was the last number I got. So how do we look at the whole picture? And they do great work. So maybe there is an opportunity to look at different ways? But for now, we did not put it in this particular portion of our budget, in OED. But there are

other parts in our budget that does have funding for YWCA and maybe this is an area we need to talk about.

WALLACE G. REZENTES, JR., Managing Director: Sorry we were late coming in here, but I understand some portion of OED's Grant-in-Aid money will be available for a number of nonprofits to request funding for and YWCA obviously is one of them. I understand there was some questions as to other sources, discussion about other sources of funds that the county has provided? The CDBG program has recently provided funding, recently in 2016-2017 \$159,000 for the photovoltaic system and air conditioning units for the family violence center and 2014-2015 another \$147,000 for roof repair for their YWCA administrative building. \$20,000 the year prior to that for the reintegration counseling services and in that same year, another \$98,560 for the roofing project. Also the YWCA has requested funding from CDBG for another—for the renovation to the family violence shelter, and it is in their recommendation for award of another \$398,000 from CDBG funding. So they are getting funding from various sources. Again, it is the \$398,000 is their most recent request for funds through Housing, and Housing is recommending award of another \$398,000 to them.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: That is in CDBG. Which anybody can apply for?

Mr. Rezentes: Correct.

Council Chair Rapozo: Okay. CDBG pays for the shelter, the 24-hour hotline? Did they pay for the sexual assault treatment program?

Mr. Rezentes: Again, I am sorry I came late, but there was some discussion about other Grants-in-Aid that have been provided to YWCA and I just got the information just this morning from our Housing folks.

Council Chair Rapozo: Councilmember Kawakami was just asking where they were coming from so we could find a place for this money. I think that is what he was asking. It is not a scorecard that they got this much so we not going give them, to me it is apples and oranges. We are funding programs that this County cannot provide, but yet, without those programs, and again, do not ask me, ask the experts, it is going to be a mess. And it just baffles me, when you look at what we heard the priority was for more of the cultural programs, but I mean, I do not know—I look at these—I look at the Grant-in-Aid and Mayor's Office and Economic Development and I see some of the projects and how in the world can anyone think that is more of a priority than a sexual assault and the hotline? These programs become very good because they operate for so long. And I do not know—it is just maybe just different, but I am having a difficult time trying to figure out the logic. I understand it. I just do not agree with it, but I respect it and I can appreciate what you guys are saying. I just do not agree. I think we are going down the wrong road.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I would like to get some detailed facts both about the “Y” program and how the County is funding the various programs, as well as what the criteria are for Holo Holo? I mean, you know, we have seen Holo Holo all over and that is kind of the Mayor’s priorities, but I have never known what the criteria are for what becomes a Holo Holo project and what does not? So can somebody explain?

Mayor Carvalho: The Holo Holo projects came from the public that we talk with, and shared their thoughts and ideas on some of the critical areas and looking at the big overall picture and see if that was something that the general public would embrace.

Councilmember Yukimura: Then why is the “Y” project not a Holo Holo project?

Mayor Carvalho: I believe the “Y” project we have been funding that all the time and deserve the same funding, but at the same time, to look at the balance on everything and how far certain projects are, so we can pull back when finished. I wanted to be sure when we say something, that we complete it and through some of these cultural projects that is what is happening now.

Councilmember Yukimura: Well we are far from complete on solving the sexual assault problem, so I do not know if you could...

Mayor Carvalho: So we need to look at placing that in another area. I think as suggestions were made on the floor that is good. Let us look at that.

Councilmember Yukimura: I am still not clear, the Holo Holo project by your criteria, Mayor, could apply to everything.

Mayor Carvalho: Yes.

Councilmember Yukimura: Everything that comes from the community. That gives us no real guidance at all. It seems to be what you think is good, and maybe where you have special connections, but...

Mayor Carvalho: No, I disagree. It is what we collectively...

Councilmember Yukimura: Well than what is your criteria?

Mayor Carvalho: I just said that in my conversations with the general public overall, people have shared their thoughts and ideas. And we said we are going to be basing our projects on what I have received, and that is what we went by.

Councilmember Yukimura: That is not criteria, because it does not allow you to set priorities by criteria. I mean, if Holo Holo has to be a prime importance to sustainability of the island.

Mayor Carvalho: I think cultural sustainability of the island is important and tying into the cultural practice and I can go into the whole program and our *moku* system, our signage system. Educating the public, the importance of the different *moku* systems and making decisions based upon that. That was the criteria.

Councilmember Yukimura: Can you give us an RFP for your *moku* projects? That would be the way to really identify what the priorities are and what you are looking for in a program that is going to make it way above other programs because we do not have unlimited moneys.

Mayor Carvalho: Right.

Councilmember Yukimura: We want to be strategic. We want to have the programs that are going to have the most effect, and presumably it is not just culture, but it is a whole lot of other—I mean, Lima Ola is not a cultural thing. It is a housing thing. So you obviously have a housing project. Smart growth, you have smart growth projects in your Holo Holo.

Mayor Carvalho: Right.

Councilmember Yukimura: It is not clear at all what you are using to say that one project is of the most importance, that that is where we should put our very scarce moneys.

Mayor Carvalho: A lot of these came from community meetings and our staff has been out and about. . I am just sharing with you, you are asking me and that is how it came about.

Councilmember Yukimura: That does not give us guidelines.

Mayor Carvalho: Well I feel that is something important.

Committee Chair Kaneshiro: Rather than arguing back and forth, we could probably argue back and forth all day. Nalani mentioned earlier they are putting together criteria for the different industry sectors. I think we are finding that there might be industry sectors that we missing and the question is how do we accommodate for somebody like the YWCA, where they do not fit in maybe the cultural projects or they do not fit in a travel grant or they do not fit in an agricultural grant there is so if you guys can come back with an answer on how are we able to accommodate groups that do not fit into these? And are we willing to accommodate a group like that? Because I know Councilmember Brun had a question, also.

Councilmember Brun: How much did we fund for the sexual assault last year?

Mr. Costa: There are two programs. One is \$65,000 and the other is \$50,000. And in our narrative, it provides detail of the services that they provide

and you know, obviously they do really good work. But it is detailed in the narrative, \$65,000 and \$5,000.

Councilmember Brun: Do we know how much we give them total per year? Do you give them from your budget also? YWCA? Or they just get funded?

Mr. Costa: Prosecutor's Office, our Office, from the County, and I know they get State funding and other funding.

Councilmember Brun: Can we get a total breakdown? I do not care about the State's, just the county's. Thank you.

Committee Chair Kaneshiro: And again as the supplemental budget comes up, maybe if the Administration could address it by, if it is a priority that they want to give YWCA money because of the importance of it, then they put it in the Mayor's budget or put it somewhere where we have seen things like that go through, like Red Cross and Grant-in-Aid and if not, at budget time we need to make the decision on do we have enough cuts to add money for a program that we think is important. Councilmember Yukimura.

Councilmember Yukimura: I agree, there needs to be some program alignment and it does not fit OED. And they should not have to be the ones to manage it or manage the Grant-in-Aid and so it needs to be placed in another appropriate category, and at least two would be Prosecuting Attorney, because it is funded—I mean it is partly about enforcement against violation of criminal laws. But there is another, which Mayor, I have talked to you about before. I feel like we need to have within your Office, an Office of Children and Families, and to me that would be an appropriate place, if we could create such an Office with proper administration of that Office?

Mayor Carvalho: I prefer this discussion where we looked at with the appropriate—and not the Mayor's Office. We are trying our best to follow what we said we were going to do and to continue.

Councilmember Yukimura: So why is the Red Cross in the Mayor's Office and not something like YWCA?

Mayor Carvalho: We are looking at the overall picture, now that we are having this very healthy discussion, how we can really relook at that. And I am open to that.

Councilmember Kawakami. I think it is kind of like—down the road, looking forward on how we can improve our process on our end. The budget, this budget process is good because it is very educational for us and I really feel some of the Grant-in-Aid recipients we should dedicate one day for them to come up and explain their programs and also be able to explain where the money is going to, if it is going towards the program, equipment, Services; or towards salaries. These are all questions to ask and have dialogue, so we can get educated as to how they bring value to our community with taxpayer dollars, Thank you.

Committee Chair Kaneshiro: Council Chair, you have a follow-up?

Council Chair Rapozo: I will respond to that and say it is not too late to do that. We have the supplemental budget coming up. We have call-back days. That is definitely within our prerogative, if you want to do that. I think as we are looking forward, going down the road and I would hope, Mayor, I hope you are not taking this as, "Oh, Red Cross should not get the funding either." We have to find a place for that, I understand that.

Mayor Carvalho: Red Cross does great work. But I understand.

Council Chair Rapozo: I know, and again, I guess I do not—we have got to find a place to put these funds for grants that can be managed. Because it is—like I said, there are some that are really not economic development, but it is here. You know, earlier when you folks walked in it was mentioned that the YWCA would have an opportunity to bid?

Mayor Carvalho: Or apply.

Council Chair Rapozo: Or apply, I should say. As I looked through, where would they fit in in a cultural program? I really do not see how they would fit in any of these grants, so I look at this budget and they are out, they are done. How are they going to compete with a cultural organization for a cultural program? They are not. Because it is a totally—this is almost like a public safety issue.

Mr. Costa: Yes.

Council Chair Rapozo: And I do not know how—we have to figure it out soon, before May 8th anyway how to figure out how to make it happen.

Committee Chair Kaneshiro: Along the lines of what Councilmember Kawakami said, another way we could do it is approve a budget number like \$35,000 for Holo Holo, but not approve the money to go out until it has been presented in front of Council at a later time. Because obviously a lot of these projects probably have not even applied yet and I am not sure what the most efficient way to do it is. People may spend time working on it to get to a certain point, but if we can kind of figure out, when would be the right point to bring to Council for us to decide if it is a project that we should fund also and that would give us a little more say in the whole process. Councilmember Yukimura.

Councilmember Yukimura: I do not feel the Council should be the ones choosing programs, each program. I think it needs to be through an RFP process that is administered by the administration. But our job is to make sure that you have in place a fair system and I think you are moving that way in terms of the programs Nalani was describing. But for some of these other things like cultural programs, we do not have a sense that it is going to be a competitive process, that there is going to be clear criteria, that there is going to be tracking of performance, none of that. And so that is what I think needs to be done. I would like to know for the "Y" project specifically the number of people served and what their data-tracking mechanism is? Because I think we need to really move toward performance-based awards. And I recall when the Prosecuting Attorney's Office came before us for some

moneys regarding sexual assaults and so forth they reported there was a decrease this year over last year, or over the year that they were reporting on. I asked them, "Was it because of success in educating and enforcing, or was it because not enough people came forward?" You know, what really was happening in the dynamics of the lower number? And they could not tell me and that way we can just keep pouring money into something and not know if we are making any achievement at all, and I am not just talking about the "Y" program. I am talking about any program that we fund, you know? What are their goals and how are they measuring whether they reached their goals? And are they reaching their goals, once they give them the money? I think those are really legitimate questions to ask every entity, whether it is County departments or nonprofits, to ask that. I think the more we get better at that kind of system, the better results we are going to get and the more results we will get for the money spent.

Mr. Costa: If I could add to that? I do not know if those on the Council remember last year—actually it has been two to three years that when we come before the Council we are asked the questions about the grant process. So we have been diligently trying to improve the process, the application forms. We utilized Nalani as a resource because the HTA program is very good. It has a real good process. So we have utilized some of the HTA grant application process in our own process. And when organizations apply, they fill out the application form and they pretty much detail the program, who it is going to benefit? What the cost is going to be? And Nalani and Melissa and a lot of our staff who oversee grants, really take it seriously, and we monitor the grants as they go through the course of the year. Then they turn in their final reports. So I am not sure if you remembered last year? We had that request, and we sent over, I think 500 pages, copies of those grants that detailed, their final report. So what I did this year to kind of summarize in the narrative each of the programs and a summary. But we can provide the details, and YWCA has provided us with a very good final report, how many benefited? And all of that. So that information is available.

Councilmember Yukimura: Thank you. We do not want to go through all the reports. We want the data summarized.

Mr. Costa: Okay.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: George, I think for the last couple of years, the Council was concerned about those grants that were broad. We did not, as I remember, it was not about the Red Cross, or the YWCA, we know what they do. It is almost like saying how many fires or how many deployments did the Red Cross have and if they had less, then we should not give them the money. How many fires did the Kapa'a fire station respond to last year? Oh, they had a good year, we are going to cut them? I think the services that they provide, I do not think can be done by anybody else. It is common knowledge now, right? It is common knowledge, and in fact you ask any police officer, anybody is going to tell you that they have a shelter. They have a 24-hour hotline. If you get into issues, the police officers can actually call the shelter any time of the day. Who is going to do that and at what cost? I just do not you know, it is one of those things. Like that is where government does not run like a business, you know? It is not the bottom-line. Is it necessary and then you have to pay

for it. We, the Council in the last few years, we are more concerned about the grants that it was blanket lines, like this "other projects." those are the concerns the council had was how are you making sure there is fair competition and so forth? Red Cross, YWCA, and these others like Lights on Rice and Hospice and all of these things, I mean would we go out and ask Hospice to put in for an RFP?

Mayor Carvalho: I wanted to pick up on that. That is what I am saying, which ones, like we have the Kaua'i Concert Association, Hawai'i Children's Theater and some of that, that come in too.

Council Chair Rapozo: That to me is kind of confusing. We have these certain organizations that provide specifics for this County and they are not forced to put an application and the "Y" is and I am not sure I understand why that is. Because I do not see anyone else that can do that to apply for a grant to do that. The only other thing, I see that the host community benefits yes, the facilitator is in your budget now?

Mr. Costa: Yes.

Council Chair Rapozo: But it is also in the Mayor's budget? So I am not sure.

Committee Chair Kaneshiro: They are going to cut it out they said they will cut it out of Mayor's budget. In the past, too, we go back and forth and I think at one time they tried to pull their grants into KVB, so we could see where their Grant-In-Aids were and now it is spread out.

Council Chair Rapozo: Well it was kind of the common practice that OED was the holding area, staging, you know, just a placeholder, because you have to put it somewhere and "oh, just put it in OED" and poor OED had to manage the contracts with nothing to do with economic development. But where is that location? Where is it? Do we set it up? I do not think it should be everywhere, but one area in the budget that says "Grants-in-Aid." And I also think that the Council should have some say in the broader grants that there is no definition of where it is going to be or where it is going to be. I think we should have that at some point. That is a discussion we can have moving forward. Thank you.

Committee Chair Kaneshiro: Are there any further questions on the process?

Mr. Costa: Just for clarification on the Holo Holo 2020, if you look at all of the projects not only OED, but Parks and Recreation, you know, it varies and a lot are initiatives within the department. For OED we have sustainability and like the shuttle program was to help the north shore community. Started out as sustainability, but once we started the shuttle, we find out that it is a community that is not served out there as far as public transportation. So it helped to get employees to work. Under "energy and sustainability," Ben Sullivan has quite a few Holo Holo projects and initiatives that we are trying to work on. Under "small business," we try to help with some of these towns, like Kapa'a First Saturday, Hanapēpē Friday Night, with their economic opportunities. So those

are all part of Holo Holo 2020 within OED, and so they are not only just cultural there are other projects as well. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I would like to request a list of all Holo Holo projects and I would like to also request what the procedure is for getting a project labeled "Holo Holo." Who makes the decision? About what is a Holo Holo project?

Mayor Carvalho: We do as a team, all the different departments to see what is applicable.

Councilmember Yukimura: So it is basically an administration priority process?

Mayor Carvalho: Economic Development is under the structure of the Mayor.

Councilmember Yukimura: And you all say...

Committee Chair Kaneshiro: One person at a time, one person at a time.

Councilmember Yukimura: Okay. I am sorry. Go ahead.

Committee Chair Kaneshiro: Councilmember Yukimura you can finish your question and then we will have the Mayor answer who sets the priority.

Mayor Carvalho: The Office of Economic Development is under our structure of the Mayor's Office. We talk collectively after briefing with the community and hearing the needs of the community. We decided as a Department, as a team, and my responsibility to come out with a plan and share that with you folks and the community after we have vetted out some of the programs and projects.

Councilmember Yukimura: So it is mainly whatever you want to be able to be a project?

Mayor Carvalho: You have to remember what I said. It is based upon all of us talking, reaching out and getting information, and looking at how it is applicable to each department.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Are there any further questions? If not, we will go back to the projects, if we have any questions on the projects. I had a question on the airport security. What is that for? That is for greeters or singers? Airport greetings...yes, not security.

Ms. Brun: It is an old project. It is kind of morphed over time and it is for basically entertainers, the airport builds us a stage and we send entertainers down there. It is a complicated process, because they have all have to be badged and constantly monitor their badges and they are part of the security system. We have a very limited pool of entertainers that we use there. Maybe fifty (50). And we rotate them within the system, so they get work down there.

Committee Chair Kaneshiro: If we did not provide the \$25,000, would the State still run the program there? Would they cut the entertainers' hours?

Ms. Brun: They would probably still have whatever they are providing on their side, I think it is \$25,000, too, they do two (2) days a week.

Committee Chair Kaneshiro: Are there any follow-ups or new questions?
Councilmember Yukimura.

Councilmember Yukimura: Can you determine what the State's amount is that is contributed?

Ms. Brun: That has baffled me for a long time. I have asked the Hawai'i Tourism Authority (HTA) that, because they divvy-up the money from their funds to the airport and I asked the airport people that run it and they do not want to give me an answer. I am thinking that hopefully this year I am going try to track their budget as it is moving and have Fred, our representative on HTA track it for me. I am assuming it is \$25,000 to \$30,000, but it seems they shift their money from island to island, wherever they need it. My goal was just to make sure that we got our share.

Councilmember Yukimura: What does the \$25,000 get us?

Ms. Brun: Two (2) days a week entertain at the airport year-round, fifty two (52) weeks a year.

Councilmember Yukimura: Two (2) days a week and so if the State is funding it, then we are getting more than two (2) days per week?

Ms. Brun: It is usually about four (4) days a week with the State funds.

Councilmember Yukimura: You might want to tell them if they do not want to give us accurate information, it will probably ensure that the money will be cut. We just want basic transparency and cooperation from the State, where this is a joint project, and to play hide-and-seek does not make any sense at all.

Ms. Brun: I agree.

Committee Chair Kaneshiro: For me...

Councilmember Yukimura: I am just speaking for myself.

Committee Chair Kaneshiro: It is nice when you have someone playing music whether you get off the plane or go, but as far as us putting money into it, I do not know, that is a question we will need to think about. If we think we are spending the money wisely by doing that.

Councilmember Yukimura: I put great value in supporting our musicians and they also create a very nice ambience. But this has to go through a competitive process, too.

Ms. Brun: There is a competitive process of the musicians. They have to apply. We vet them. We make sure they can play well and have good partnerships.

Councilmember Yukimura: I mean a competitive process in terms of program funding.

Ms. Brun: Yes.

Councilmember Yukimura: So we have to show that this is a really valid tourism-promotion, cultural-promotion, whatever it is.

Ms. Brun: I agree.

Councilmember Yukimura: Thank you.

Committee Chair Kaneshiro: Are there any other questions? Councilmember Yukimura.

Councilmember Yukimura: I think I sent some questions about the Kīlauea Agricultural Park. I wanted to see a copy of the lease. How many farmers? What criteria was being set-up? What were the lease prices? Did we get answers to that?

Mr. Costa: I actually drafted something and I think it might have been sent today, but I can answer that.

Councilmember Yukimura: Staff, did we get something?

Mr. Costa: I can answer that, there are no formal leases.

Councilmember Yukimura: We have not? Who is farming on it?

Mr. Costa: What is that?

Councilmember Yukimura: Who is farming?

Mr. Costa: You have community gardens. You have a community farm with volunteers and there are eight half-acre plots, that Yoshito L'Hote with 'Āina Ho'okupu O Kīlauea, who are the stewards of the land, asked eight (8) reputable

farmers to come and start farming to rejuvenate the soil and help to train some of the volunteer farmers or volunteers that come and want to learn about farming. So that is what we have in place right now. Until we get...right now we have four (4) 5/8-inch meters that provides irrigation for the community farm, but not too much more than that. Right now you have Ben Ferris, Phil Davies, and I think one more farmer...that is actually growing a crop with limited water there. So that is basically it. But there are no formal lease agreements.

Councilmember Yukimura: I mean, so you have one (1) community farm or three (3) community farms?

Mr. Costa: One (1) community farm.

Councilmember Yukimura: And the farmers that are volunteering are growing crops there?

Mr. Costa: Right. They grow assorted crops and they have a manager. Jackie, I forget her last name.

Councilmember Yukimura: And these...Ben, Phil, and one other, they are...

Mr. Costa: So separate from the community farm you have half-acre plots, there are eight (8), but right now only three (3)...there is something a crop being grown on it. So you have Phil Davies, Ben Ferris, and I think Rodney Yadao, if I am correct. One has pineapple and I forgot what the other two crops are...they are basically there to use the soil, rejuvenate the soil, and have something growing on that parcel until we can get water, non-potable water in, and we can initiate the application and lease agreements. You had mentioned not reinventing the wheel. So for a number of years we have been communicating with our counterparts in Maui County. They have the Kula Agricultural Park, a great program where they have an application process, which are utilized and we have the draft application form. We have their lease agreement, which we looked at and we drafted. We have not vetted it yet with the County Attorney's Office yet. We are probably a year away from even activating something like that. And then a draft process or procedures of how we would have interested farmers apply. And there is a whole list of criteria that they need to comply with in order to be able, or be those that can prove to us that they know how to farm, they can do it viably, and then they go through a review panel comprised of agricultural, business, and other members.

Councilmember Yukimura: George, excuse me. Are there...are the farmers going to be chosen on a competitive process as well?

Mr. Costa: Yes.

Councilmember Yukimura: And so are they going to be required to submit a business plan?

Mr. Costa: Yes.

Councilmember Yukimura: How large are the lots going to be?

Mr. Costa: Right now we are...it is 65 acres. It is a 75-acre plot, about ten (10) acres will be used up in roadways and the Sunshine Market. So we are looking at about 65 acres remaining, carved up into 5-, 10-acre plots. So it is not a whole lot when you look at a true Ag Park. I would consider it a hybrid, but we want to make it available to as many interested farmers as possible.

Councilmember Yukimura: And are these farmers going to...are you intending that they already have plots elsewhere? So that it is going to be profitable? Or are you going to have them do a business plan that means they will be profitable on 5-10 acres?

Mr. Costa: Well, we would hope if they are coming in with some experience at least 2-3 years' experience and that they have farms or experience in the past.

Councilmember Yukimura: They are going to have separate lots, they are going to have a farm like Ben and Phil do as very well established farmers.

Mr. Costa: Correct.

Councilmember Yukimura: Then they are going to have a 5- or 10-acre plot in the Ag Park?

Mr. Costa: It is possible or maybe some of the farmers because they are experienced farmers may choose not to farm on such a small piece of property and make it available to others.

Councilmember Yukimura: Does the community farm include the greenhouses?

Mr. Costa: They have hoop houses. They do not have greenhouses yet.

Councilmember Yukimura: Okay. Because I am hearing that...and I do not know what the degree of subsidy is...I do not know what people are paying for the right to grow on the farm. But then they are selling in the open market and they are undercutting other farmers, who have all of these costs that they have to pay. And that certainly is not the purpose of our Ag Park, that we would hurt other farmers. And even the Sunshine Market, I hear they are offering \$100 a month for a box of goods every week and what will that do to the other regular Sunshine Market farmers?

Mr. Costa: Right now you have the volunteers and part of their payment, they get a box every week of produce that they grow, and if there is any leftover, they market those boxes to the Kilauea community.

Councilmember Yukimura: It is not leftover. They are making agreements. It is called community-supported agriculture and if they pay \$100 every week they get a box. If they volunteer, then they can reduce the cost of \$100, but for those who cannot volunteer and pay \$100, they do not get the leftovers. They are customers who are getting the food. So if the farmers at Sunshine Markets have to pay all of the costs of fertilizer and so forth, I do not know what we gave them \$100,000, \$75,000 and the State give them \$200,000...So it is a subsidized operation, and if they compete against other farmers, they would have to pay for their lots, and water, and I am not sure we are accomplishing the goal we set out for the Ag Park.

Mr. Costa: We are in the third-year of funding the Ag Park and the first \$100,000 went to clear the land, fence the land, and mulch the growth that was there. The second \$50,000, was used to remove the forty (40) plus vehicles, basically we had a dump going on there. I cannot say for sure, but by the amount of green waste...there was a green waste dump there, you know? I cannot imagine that just came from private owners, but it was convenient for those on the North Shore to dump their green waste on the property. So we had the green waste removal and six (6) homeless encampments that we ended up...or the community ended up cleaning up and that \$50,000 went to cleaning that up. Currently there is \$90,000 being used to put in the irrigation system and the meters, and the engineering that went into put in those meters working with the Department of Water. So that is what has been done currently. And as I mentioned, we have some community garden plots. We have the community farm with volunteers and those additional farmers that are growing crops to help rejuvenate the soil. As far as going into the different Sunshine Markets and selling those boxes, I am not aware of it, but I will definitely look into it.

Councilmember Yukimura: No, they are not going into Sunshine Markets, they are just providing an alternative market that is subsidized by County government, when other farmers are not being subsidized. So the question is, what is our goal here? And so how are we going to do it? I think we have another question here.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: I think in all fairness, I think that is one of the reasons it would be more beneficial to have the organization 'Āina Ho'okupu O Kīlauea come up and maybe we can discuss it later? We do not necessarily have to have all of the Grant-in-Aid recipients come up, but if we do have specific questions, we should be able to call them in individually for meetings or maybe in a public platform. Because when we had appropriated State funds, I was under the impression that we were utilizing the Kīlauea Ag like the Mānoa Innovation Center under HTVC, which is basically an incubator. We were sold on the idea that this was going to be an incubator for farmers or aspiring farmers who did not necessarily have the resources or the experience, but to get them on smaller parcels of land, have them farm, and have them potentially further down the road move on to greener pastures and clearly that is not what we are hearing today. Maybe we have to hear the vision from the horse's mouth, because I think it is kind of unfair to ask George what the vision is, because you are not necessarily the manager on this project.

Councilmember Yukimura: He is.

Councilmember Kawakami: Are you?

Mr. Costa: I work with Yoshito.

Councilmember Kawakami: Who is it? This organization that is getting the money. Either we are going to run it, as a County program or 'Āina Ho'okupu O Kīlauea is going to. I do not necessarily care who it is going to be. But if this organization is going to be getting the money, I kind of anticipate that they are the one that is going to be managing the overall project. There is a difference between managing the GIA appropriations versus managing the day-to-day operations and I want to know who is managing the day-to-day operations and the vision and that is who I want to talk to.

Mr. Costa: To answer your question, 'Āina Ho'okupu O Kīlauea is managing the day-to-day, and the vision is still there. The original plan was to have the seventy-five (75) acres carved up into leasehold lots, but part of that vision and the component was community gardens and a Sunshine Market. The plan was to move the Sunshine Market from its current location of the parking lot of the Kīlauea Neighborhood Center to the Agricultural Park. There is more room. Right now, it is in a congested area, and there are incubator lots. That is the whole reason these eight (8) farmers were asked to come help rejuvenate the soil and help teach some of the volunteers that are coming in to work the community farm. They are growing crops. They are learning how to grow the crop, and as I mentioned, part of their compensation is a box of produce. I am told whatever extras they have is being sold, I think, \$40 a box. Now, that is to help offset some of their expenses because as I mentioned, from the County's standpoint, the funds that we provide were for infrastructure. So right now, we are not paying for any staff or anybody that is there. One (1) of the clear messages was you need to be self-sustaining and so it is difficult if they need to be self-sustaining and they cannot generate any income. But the vision is still there, that it is an incubator for aspiring farmers.

Councilmember Kawakami: It is challenging because we do not have the infrastructure in place for them right now.

Mr. Costa: Exactly.

Councilmember Kawakami: Water. There is not potable water, right?

Mr. Costa: Right.

Councilmember Kawakami: Okay.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: So we heard the vision. We heard all of that in the past. This Council supported that vision and going in that direction. I still do. Did we ever execute the Stewardship Agreement with them?

Mr. Costa: Yes.

Council Chair Rapozo: So that is official?

Mr. Costa: Right.

Council Chair Rapozo: So they are the caretakers and they are the stewards of the land.

Mr. Costa: Right.

Council Chair Rapozo: I agree with Councilmember Kawakami that at this point, really, except for making sure that the benchmarks are met, our hands are off. That is why we do a Stewardship Agreement. It is not just something nice to do. We basically have enough trust and faith in this organization that we are saying, "Hey, we are basically transferring the oversight, the duties, and responsibilities to take care of this place, to you." Otherwise, we do not need that. We are just going to do them. Now also, I think that before we decide on this budget, I think we should hear from them. They should come here and give us an update as far as what they have accomplished, and one (1) big thing I want to know is where does the money go? Are we paying for infrastructure or salaries? Where is that \$75,000 going to go?

Mr. Costa: We have it detailed. We track that, so it is all going to infrastructure. They have to raise their own funds to pay their own salaries or whatever.

Council Chair Rapozo: I mean, what infrastructure costs \$75,000 a year?

Mr. Costa: I do not know about "a year."

Council Chair Rapozo: Well, that is what we fund them, right?

Councilmember Yukimura: No.

Mr. Costa: Well, that is for one (1) year.

Council Chair Rapozo: This coming year?

Mr. Costa: That is what we are asking.

Council Chair Rapozo: \$75,000, right?

Mr. Costa: Yes. That will help put in the irrigation system and open up the other lots as we go through Phase II.

Council Chair Rapozo: I guess that is something we can schedule in the agenda at some point before we have decision-making. We are due for an update anyway.

We have not had one since last year. I thought I got a colored update that someone gave to me. I am not sure. It looked like they are moving along quite well. So I was really satisfied, but we will see. If Councilmembers have concerns or questions, then we should probably take a look.

Mr. Costa: I think I provided that. That was a timeline that was not only a timeline, but also had a budget associated what the costs were for each project. So we can provide that.

Committee Chair Kaneshiro: \$75,000 we have in the budget right now is \$50,000 to grade and gravel additional roads to connect farm lots to the Sunshine Market, and \$25,000 to install an expanded irrigation system. Councilmember Yukimura, we will take one (1) last question for now before we take lunch, and then if we still have more questions on this, we will come back to it when we get back. Councilmember Yukimura.

Councilmember Yukimura: They are putting money into an irrigation system, there are people that are going to be using the irrigation system, and you are telling them they have to pay their costs, so what is the charge that each farmer are being charged for the irrigation system? That is why I asked for the lease prices, and Council Chair Rapozo is right. We are not managing the project. We are managing the grant to them.

Mr. Costa: Right.

Councilmember Yukimura: And we deserve answers back and the report was "We are underway. We have started." So I want to know what the lease rents were, who is paying the water, who is getting paid what, and how are they choosing the volunteers? They are going to train volunteers. These volunteers are going to become the farmers of the future. How do you know that they are even committed to becoming farmers? They might just be wanting a nice thing to do for a while and then they are going to go off. This community farm, you are asking them to make money so they are selling out there, but if they do not have to account for rent and these things, they could have lower prices and that will affecting the market. If they are not doing agriculture based on reality, then they have impacts, and then, even if we are incubating farmers, how long do you think they are going to incubate? Three (3) years? Five (5) years? Ten (10) years? Where are they going to go afterwards? We need a long-range plan. It is unfair to dangle something before their nose and say, "Here, become a farmer," and then say, "Okay, your incubation period is off, go fly off," and they do not have the land. To me, the original purpose, and I worked on it. It was the SMA condition that I worked with the citizens on, was to have that be a real agricultural park where you would have operating farmers long-term.

Mr. Costa: Again, just to answer that question...

Committee Chair Kaneshiro: It was a long question. How long it do you think your answer will be?

Mr. Costa: It is very short.

Committee Chair Kaneshiro: Okay.

Mr. Costa: The vision, as I mentioned, is still there.

Councilmember Yukimura: It has been a changing vision.

Mr. Costa: Yes. Well, I have a timeline with pictures that I can provide for you, with costs. We can address the grants that we have given, and we can also provide moneys that they have raised on their own to help subsidize and pay for their costs. When I took on this project and we applied for an EDA grant, when we went through the Environmental Assessment process, the original estimate was about \$3,000,000 to develop these seventy-five (75) acres. As it turned out, we are looking at an \$8,000,000 price tag with three (3) four hundred (400) foot wells with a one hundred thousand (100,000) gallon storage tank, and that is when the community said, "Hey, let us be part of this." So we have. I will present to you an update with, like I said, over the last forty (40) years and what has taken place in not even two (2) years is pretty remarkable. To say it is perfect, no, it is not perfect. It is still a work in progress, but we are getting there. So hopefully, we will be able to answer most of your questions.

Committee Chair Kaneshiro: With that, we will probably think of more questions when we are at lunch, but we will come back. We will take a one (1) hour lunch and we will be back on OED again. We will take additional questions if we have any more on this and we will continue to go through the other projects.

Councilmember Yukimura: Thank you.

There being no objections, the Committee recessed at 12:33 p.m.

The Committee reconvened at 1:35 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. We will start where we left off. We are on the Office of Economic Development, and we were finishing up questions on the Kilauea Agricultural Park. Do we have any further questions? I had a question. How much more money will we need to provide to the Kilauea Agricultural Park after this year?

Mr. Costa: This is just my own personal opinion, I thought we should fund that because it is a County asset, anywhere from \$50,000 to \$100,000 each year. Now, I did not think in perpetuity, but I just felt to develop that Agricultural Park because we are going from an \$8,000,000 price tag to almost, well, I should not say "nothing." The other thought I had, and I do not know if this is something that could be considered, this was something that the community really wanted when the development was taking place. I do not know if we just turn everything over to the community, the whole property. I do not know if that is even possible and just have them run with it. But to answer your question, I was thinking at least for the next five (5) years, get the entire seventy-five (75) acres cleared, get the farmers on the property, get the components of the Sunshine Market, and get all of that running, and then hopefully at that time, they will be self-sustaining because that is the goal. I know on their own, they have been able to raise private money in the community. So what we can do is provide an update on the plan and a forecast, and we can go from there.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: You are saying \$50,000 to \$75,000 per year for the next five (5) years. Is that what you said?

Mr. Costa: \$50,000 to \$100,000 if we are using the YWCA as an example. I think it is another worthy project.

Councilmember Yukimura: Okay. How are they going to use that money? If I am going vote for it, I want to see this plan that by the end of five (5) years, they are going to be fully completed, at least the infrastructure is going to be in and the farmers are going to be on the land. We have been asking for a business plan since day one, and I have never seen a really clear business plan.

Mr. Costa: Okay. I can send that to you. They have completed their strategic plan and their business plan. Unless you have seen it.

Councilmember Yukimura: Well, then the funding has to...I did not see a really clear budget with the plan.

Mr. Costa: Okay.

Councilmember Yukimura: So then it would say, "\$50,000 from the County," or "\$100,000 from the County for these purposes with these other funds." We are going to have our year five (5) plan because they are going into year five pretty soon, right?

Mr. Costa: No. They have been there two (2) years.

Councilmember Yukimura: Year three. So year three, I have never seen that. So we have an end in mind. I mean, we never had a farmers' market site over there in the very original plan. To me, it was going to be an agricultural park, and now people are going to Foodland or wherever, that new shopping center and they are going to have to drive over. I do not know. It is not quite Smart Growth. But anyway, it has to have a budget and a timetable. It is going to be bathrooms and now it is an Agricultural Center instead of an Agricultural Park. It is a really changing vision. I have not seen a really clear vision, at least...

Mr. Costa: Okay.

Committee Chair Kaneshiro: Maybe we will plan to get an update in a Committee prior to us doing our budget additions and cuts. We can try and request an update of the business plan.

Mr. Costa: Okay.

Committee Chair Kaneshiro: Answer some questions on the project and kind of give us an idea of how much more funding they are going to be requesting the future. We know that the number we are looking at right now is \$75,000 and the decision we need to make is do we want to fund the \$75,000 or not? That is the decision we will be faced with and then of course, when they come up and speak about the project, we can ask more questions about the future of the Agricultural Park. Councilmember Chock.

Councilmember Chock: I guess for me, the question is much simpler, not detailed. It is whether or not you believe that the Kilauea Agricultural Park is on-track to meet its goals that are aligned with our County and the Office of Economic Development. If you as the Administrator of it, feel that it is, then perhaps some of that should be provided. But that is all I need to first understand because you are the person who is on the ground.

Mr. Costa: Right.

Councilmember Chock: You are connected to it.

Mr. Costa: I believe it is. I put together a timeline summary over the last fort (40) years, but more so, the last two (2) years. I will be more than happy to pass this out. That will give you some context, but we can take this summary and put more meat to it with more solid numbers. What this summary does provide is the original plan from 2006 when we hired Kimura International and when we did the Environmental Assessment. I mentioned the price tag going up to almost \$8,000,000. So what I can do to provide more information is show that timeline and those costs at \$8,000,000 and now what it is costing the County and the community. So hopefully that will put it more into context. But at least this will give you a start to see what has transpired over the last forty (40) years.

Committee Chair Kaneshiro: Okay, and it would be my preference that we maybe take questions on this at another time in a Committee Meeting.

Mr. Costa: Okay.

Committee Chair Kaneshiro: Because I feel like this could go on for a while.

Mr. Costa: Yes.

Committee Chair Kaneshiro: I know we have other grants in here that we probably have questions on. Are there any further questions regarding the \$75,000 for the Kilauea Agricultural Park? If not, we will open it up to any other questions. Are there any other questions of the other grants or the budget in general? I have a question on the, and it is in no particular order, the Energy Motor Pool. I know we had some challenges in that. Can I just get an update on what the money is for, what the challenges were that we had, and what the money is going to?

BEN SULLIVAN, Specialist IV-Energy/Sustainability: Sure. The money for the Motor Pool is one (1) year of services associated with providing the Motor Pool for the Civic Center. The challenges were that we picked a really great platform last time and it worked

very well. However, it was so good it was bought-out by a larger company and it took over a year to sort out the contract issues that arose from that. So basically, we are reinstituting that Motor Pool. It will actually come online as of next Monday. I am happy to answer more detailed questions if there are any.

Committee Chair Kaneshiro: So this will be our yearly amount to operate the Motor Pool?

Mr. Sullivan: So we expect, over the next three (3) to four (4) years, this amount will continue to come down as more competition comes to the market. But it is our assessment that, certainly next year, this is going to be the amount and we believe it is a good value because it is actually allowing us to have less vehicles and still support the same amount of usage as far as County employees.

Committee Chair Kaneshiro: Okay. Are there any further questions on the Motor Pool?

Council Chair Rapozo: I have one (1) question.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Why is this in Economic Development?

Councilmember Yukimura: Energy.

Council Chair Rapozo: Why energy? This is a Public Works function. This is vehicles.

Mr. Sullivan: We would love to see it migrate to Public Works ultimately, but anything that is new and innovative tends to come from Economic Development as a new initiative as opposed to something that is already operational. It would be our intent to hand this over to Public Works once it is operational. But this is really only the...we are coming into the seventh month starting next week of having this thing functioning. So within a year or two (2), we would love to transition it over to Public Works.

Council Chair Rapozo: Everything new comes to you first? Is that what you just said?

Mr. Sullivan: I would not say that, but as Economic Development, we are looking for innovations that help the County as well as the broader community, whereas I think in Public Works, their primary focus is on operations. There are certainly times when Public Works innovates and I do not mean to take away any credit from them doing so. But that is our job. Our job is to find innovations that save money both for the County and for the greater island at-large.

Council Chair Rapozo: Is Public Works involved with this project?

Mr. Sullivan: Definitely.

Council Chair Rapozo: And so at what point does it migrate over to them?
I still do not understand why it is in OED.

Mr. Sullivan: That is a fair question and I would have to defer because I think it is something that we are discussing. I would be thrilled if it migrated over after the next six (6) months are complete. It may take longer than that. There are discussions about who has to manage, and if it is a civil service position managing, does that fit under somebody's existing responsibilities or not. You can certainly understand how that gets complicated fairly quickly. Currently, OED is managing that through my position as well through...

Council Chair Rapozo: I know, but you are the Energy Coordinator,
right?

Mr. Sullivan: Right.

Council Chair Rapozo: Is that your title?

Mr. Sullivan: Yes, energy and sustainability.

Council Chair Rapozo: I do not see the connection to Motor Pool.

Mr. Sullivan: Okay. I see what your question is. Actually, the Motor Pool platform has a very strong connection to energy in that we are able to monitor the long-term evolution of the fleet, both in terms of what vehicles are in it and also how they are used. So because we can see where these vehicles are going, how they are going out, and how often, we can assess, for example, can we afford more electric vehicles in the fleet and the answer might be yes, because...

Council Chair Rapozo: Okay, Ben, I got it. That is alright. That is the Motor Pool function and that is where I think it should be, but that is fine. Motor Pool is not about electric vehicles, but all vehicles. It is about everything. Like I said, I just think it should be a Public Works function. We just had that discussion with Public Works the other day. So I got it. Thank you.

Mr. Sullivan: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I have a question on another project.

Committee Chair Kaneshiro: I have one (1) follow-up question. With all of the new vehicle purchases we are doing this year as part of our plan, does the Motor Pool reduce the amount needed?

Mr. Sullivan: I think we should check with Auto Shop on the details, but I can tell you what I know, which is that most of the vehicles are in this current year's budget are replacement. So they are vehicles that have not been replaced in the long-term that are costing to maintain. The majority of those are trucks. So actually, those would not apply to the Motor Pool. The ones that are sedans will be incorporated into the Motor Pool.

Committee Chair Kaneshiro: Okay. I know a saw a lot of them were more like utility type of vehicles. Are there any further questions on the Motor Pool? If not, Councilmember Yukimura.

Councilmember Yukimura: Are you tracking the savings that are coming from this?

Mr. Sullivan: The primary savings is in reduced vehicle ownership. I do not have that information in front of me, but I am aware that we have reduced at least five (5) or six (6) already that have not been replaced, and we expect to reduce significantly more. One (1) example is that when this Motor Pool was live previously for six (6) months, out of forty (40) vehicles enabled, as a matter of fact there was not a day where we used twenty-five (25) at once. So that tells us right there that there is head room for us to reduce more vehicles. That is how it is being used, and also in terms of trip data is the other thing. So I do not have figures for you today. I am certainly happy to provide them if you like.

Councilmember Yukimura: Yes, I would and I am hoping that you will track it throughout the project. If you do a per car cost, the cost of the acquisition, gasoline, repairs, and maintenance, I think you could quantify the dollars savings.

Mr. Sullivan: We have done that and we can update it and send it forward.

Councilmember Yukimura: Okay, that would be good to see.

Mr. Sullivan: Okay.

Councilmember Yukimura: Thank you.

Council Chair Rapozo: I have just one (1) last question.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Last year I guess it was, if I remember correctly, we had a problem with the module in the vehicles that was draining the car batteries.

Mr. Sullivan: There is an additional usage of the battery that comes with the Motor Pool. The primary places where we had a problem were vehicles that were not being used. For example, if we had a vehicle that was sitting for two (2) weeks, instead of being able to sit for a month and a half without a problem, it would sit for two (2)

weeks and then it would be a problem. The solution is to make sure that those vehicles get used more. One (1) of the measures that we are taking this time when we roll it is we are going to have specific designated parking that is Motor Pool only, which assures that a vehicle does not get kind of stuck in a corner and forgotten, which was happening last time.

Council Chair Rapozo: So that will not change? It is still going to be a side effect of this module that if you are not running the car, the thing will drain the battery?

Mr. Sullivan: The thing puts load on the battery, a little bit, not very much. I would say that problem was ninety-five percent (95%) solved when we concluded the pilot after six (6) months.

Council Chair Rapozo: Okay.

Committee Chair Kaneshiro: Are there any new questions?

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: If you could talk about the Kaua'i Energy Sustainability Plan cost. Congratulations and thank you for finding another way to fund it. Right now, you are asking for...what are you asking for, for the Energy Sustainability Plan?

Mr. Sullivan: We are asking for \$30,000.

Committee Chair Kaneshiro: You are looking on page 96?

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: It is zero (\$0) for that one. They probably could have just deleted that line item. I think that was something from the prior year.

Councilmember Yukimura: Is it the next?

Committee Chair Kaneshiro: They have the energy projects on page 97.

Councilmember Yukimura: Oh, Action Plan is what it is called. Shall I wait?

Committee Chair Kaneshiro: We can jump around. It is fine. I am keeping track of which ones we have gone through.

Councilmember Yukimura: Thank you for finding a way to fund it. My question is what is the end product? I mean, I hope it is not just educating people, but there is actually going to be reduction in sustainability metrics or a system that will ultimately result in reduction in sustainability metrics that show that we are becoming more sustainable.

Committee Chair Kaneshiro: Councilmember Yukimura, which line item are you talking about? They have Alternative Energy Project...

Councilmember Yukimura: The Climate Action Plan.

Committee Chair Kaneshiro: Climate Action Plan match?

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: Okay.

Councilmember Yukimura: It is covered on the narrative page 24.

Committee Chair Kaneshiro: I am on page 37, which is the current one.

Councilmember Yukimura: Okay. Anyway, go ahead, Ben.

Mr. Sullivan: Speaking to the request on page 37, we are asking for \$30,000, and that is a match to help fund a Energy Sustainability and Climate Action Plan. That is something that we see as both an environmental measure, but also a very strong economic development measure, and something that will help families in terms of bringing down the cost of energy. Certainly a part will be to do a greenhouse gas inventory and look at where our emissions come from on the island, but another part of it, and really the substance of it, is to look at various policy measures that we can recommend to this body to implement islandwide that will continue to help us reduce our energy use across the board, help drive economic development, and help take more responsibility in terms of greenhouse gas production.

Councilmember Yukimura: Okay, and we already have one plan that is a sustainability plan in our Multimodal Land Transportation Plan, which if followed, would reduce greenhouse gas production by twenty-seven percent (27%), and that is reduce greenhouse gas production from the ground transportation system by twenty-seven percent (27%).

Mr. Sullivan: Right, primarily for mode shift, I believe, correct?

Councilmember Yukimura: Right. What is your Office doing to promote that since it is already done?

Mr. Sullivan: Well, certainly I think that falls more within Transportation and transit in terms of that plan. But the findings of that plan and the forward motion on that plan would be incorporated in this effort. We are working with Planning to roll this out. I think the difference here is that this plan would be more comprehensively looking at greenhouse gas emissions and energy beyond just ground transportation. So we are looking at electricity.

Councilmember Yukimura: Of course.

Mr. Sullivan: We are looking at airline transportation, ground transportation, and then also likely embody imbedded just to have a better understanding about it.

Councilmember Yukimura: Likely what?

Mr. Sullivan: Imbedded carbons. So things that we import, foods, goods, and all of those kinds of things.

Councilmember Yukimura: Which is what makes recycling very reasonable.

Mr. Sullivan: Certainly.

Councilmember Yukimura: Is this \$30,000 for the next three (3) years?

Mr. Sullivan: No. We envision the planning process would take about fourteen (14) months. The \$30,000 is a small fraction, and I want to be clear about what we have found. We will be coming to this body for approval to, what is it called, "apply, receive, and expend" on some grant applications we will be making. But we have had preliminary conversations and we have gotten positive indications that we can get additional funds, \$50,000 to \$75,000 from Hawai'i Community Foundation, contingent on this line item being approved. Then, we have another source which would match that \$50,000 to \$75,000 for a potential total of \$100,000 to \$150,000 in additional grant funds associated with this \$30,000 request. But there is no assurance that we will be successful with that application. We will be coming to Council likely in May or June for that.

Councilmember Yukimura: The Community Foundation grant is something that is pretty concrete subject to this being passing in this budget, the \$30,000 being approved in this budget?

Mr. Sullivan: Correct.

Councilmember Yukimura: And then there is a potential for another \$50,000 to \$70,000?

Mr. Sullivan: That is correct.

Councilmember Yukimura: Okay. Do you have a write-up of what the fourteen (14) month project will do?

Mr. Sullivan: Yes.

Councilmember Yukimura: You do?

Mr. Sullivan: Yes.

Councilmember Yukimura: Do you want to summarize what the deliverables are? Oh, you tried to already.

Mr. Sullivan: We are going to engage in a planning process that does a couple...certainly there is community engagement and there is increased awareness of climate change, right?

Councilmember Yukimura: Yes.

Mr. Sullivan: From an economic development standpoint, we see this as "here is something that is going to happen that you can predict for your business. You are going to use more energy, it is going to get hotter, there is going to likely be a price on carbon within five (5) to six (6) years, and all of these kinds of things." So these are things we can foresee. For example, with the tourist industry. We can begin to plan and think about how we are going to respond to that and how we can best mitigate potential impacts from something like the price on carbon. How can we also leverage the tourist industry more in a green way? That is just one (1) area, but across the board, how can we save money for the island, help families, and help the environment at the same time?

Councilmember Yukimura: And continue a sustainable tourism...

Mr. Sullivan: Absolutely.

Councilmember Yukimura: ...as part of our economy?

Mr. Sullivan: Absolutely. So we have done some foundational work with the University of Hawai'i, Department of Urban Regional Planning. This basically contains an outline of what we think the plan should look like as well as just a brief summary of how we think it would be rolled out. Ultimately, we would expect to bring the plan to this body for final approval.

Councilmember Yukimura: I agree with you that there is likely to be a carbon tax of some sort in the next five (5) years. That will affect plane fares, for example, to Kaua'i, right?

Mr. Sullivan: Well, I think it is dangerous to get specific about that, but I think it is reasonable and most people agree that there will be some sort of price on carbon, whether it goes to the airlines initially or somewhere else is harder to say. But certainly, that could potentially affect tourism, yes.

Councilmember Yukimura: Okay. Alright.

Committee Chair Kaneshiro: Are there any further questions?

Council Chair Rapozo: I have a follow-up.

Committee Chair Kaneshiro: Council Chair Rapozo.

Council Chair Rapozo: Ben, what happens if we do not get the grant?

Mr. Sullivan: If we do not get the second grant?

Council Chair Rapozo: You said that there is a Hawai'i Community Foundation for \$50,000 to \$75,000?

Mr. Sullivan: Yes.

Council Chair Rapozo: And you said you had another grant opportunity that was going to be about the same?

Mr. Sullivan: That is right.

Council Chair Rapozo: So you are talking about, I guess here it says best case budget between \$130,000 and \$180,000, but if you do not get the grants what happens?

Mr. Sullivan: If we do not get the Partners for Places grant, assuming that this measure passes this body, we would have \$80,000, which would be really slim, but we would like to try to proceed. We could continue to look for additional funds to continue the process forward. That would obviously involve a reduction in scope and what not.

Council Chair Rapozo: So worst case scenario, what does the... how much we would have? \$30,000?

Mr. Sullivan: We are asking for \$30,000 from you. Worst case scenario, we believe is \$80,000 total and that would imply \$50,000 from Hawai'i Community Foundation, although they have indicated already that if you approve this \$30,000, they would likely come in with another \$25,000. So that would make for \$100,000. Then, having ample resources would actually involve doubling that. One (1) of the things we might do if we are able to double that, because we are not just going to keep getting more and more planned, is create a small grant pool that allows people to actually implement innovative measures that are geared towards reducing energy and things like that and to help people in households. An example is the program you saw us use last year, which was the Pono Homes Program that went to elderly and low-income families, and it reduced their energy bills significantly.

Council Chair Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Kawakami.

Councilmember Kawakami: Are these programs currently being covered under Kaua'i Island Utility Cooperative (KIUC)?

Mr. Sullivan: KIUC would be a partner in this plan. Certainly, their strategy is key in the electricity sector, but that is just one (1) of several sectors. I would say they are the ones with the most forward progress right now. I think a lot of our focus would be on ground transportation. I think from an inventory standpoint, we are not going to have a big impact on the airlines as a small county. We know that, but understanding what the footprint in more detail. Right now, all we know on the airline industry is how much fuel is purchased on the island. It is hard to even determine, for example, how much air emissions are tourists versus how much are local travel versus how much is cargo. There are a lot of holes in materials of that data. So it is something that we would like to improve on to understand better.

Councilmember Kawakami: Thank you.

Committee Chair Kaneshiro: For me, just a better understanding of once we have this information about emissions, what do we do with it? What kind of initiatives are we talking about and how are we helping families once we know, say a visitor airlines produces this much emissions?

Mr. Sullivan: I think the airlines is just a small part. I am bringing that up because I think we understand it is a big part of our emissions, but it is a small part of the impact of plan. So it is something on the longer term that we want to just keep an eye on again, for the liabilities we discussed associated with carbon pricing and other things. The airlines is already doing that. They already have plans to reduce their emissions. I think the things most relevant in terms of what we might act on would be ground transportation measures, for example, having more strategic initiatives associated with electrification of the ground transportation fleet, both in light and heavy vehicles. That is something we are going to be discussing at this year's Energy Conference in June. There are a lot of specific policy measures that we could do in that regard that would help. Also certainly, on the waste side looking at emissions there and figuring out what is the best way to reduce our emissions from waste. Then, our emissions from consumer goods, understanding better what is the difference between local agriculture and imported agriculture in terms of emissions and it is not as cut and dried as one might think. This plan really helps us look into these kinds of things.

Committee Chair Kaneshiro: I guess for me, I am trying to understand what would be the benefit. We are going to put all of this money into an action plan and I am not really seeing the whole picture what is going to come out of it. What type of an initiative, besides saying, "We want to reduce airline emissions," so we will put up a moratorium and nobody can fly for a month? What are we getting at?

Mr. Sullivan: Again, getting away from airline emissions. I think there are a lot of measures that the County could take up. The County could look at more advanced Building Code type of initiatives that help to retrofit existing buildings to reduce their footprints to reduce their energy use. We could be looking at programs that associate with, again, reducing energy in homes and certainly starting with the focus on equity by going to elderly and low-income households is a great place to start. But that is an example. There are all kinds of policy measures that I could imagine you all would want to

consider and this provides a menu that is an educated assessment of what might be most effective as opposed to us just coming and saying, "We want to do this or we want to do that." So we are looking at the whole system. We are saying, "What is the best value in terms of policy options that this body and the community as a whole have for reducing our emissions and helping the economy for helping families?"

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: In other words, right now I do not know that any of us can say where our greatest greenhouse gas production is coming from. You probably have the best idea right now, but it would help us be aware of where we are generating greenhouse gases, what are possible ways for reducing greenhouse gases would be, and at what cost, maybe?

Mr. Sullivan: Yes. But there is also an adaptation component here as well that we have discussed at all. It is really the whole thing. It is: how is climate change going to impact us and how are we going to respond to it as a community because we know it is happening, we know it is going to impact us, we know that we are going to have more heat, we know that we are going to have less rain, less trade winds, and all of those kinds of things. How do we respond? What are the things we can do today? We know that we have sea level rise to a fairly significant extent. What policies do we put in place to make sure our infrastructure investments are taking those things into account? Certainly, there is already some of that. You folks have done a great job. So everyone looks at Kaua'i as an example with the Shoreline Setback Ordinance, for example, but there is more to do. This is broadly both of those areas.

Committee Chair Kaneshiro: I may have more follow-up questions because I am still having a hard time getting my head wrapped around it. I know the sea level rise thing is something that Planning is addressing as far as how does Kaua'i grow taking into consideration sea level rises. So I understand that being in Planning, but again, when it comes to the individuals and the County, if it is going to be hotter then people will be using more air conditioning. But what is the County going to do? Are we going to provide grants for people to get efficient air conditioning installed? That is more money coming out of the County's hands. Just for me, it is just trying to see where is this going rather than being just like an empty bucket of we are just going keep paying for all of these types of things. That is my biggest fear, that we are going to say, "Hey, people need more efficient things." We are not creating the more efficient items. It is as simple as saying, "They have a new light bulb coming out," but what does it cost? If it costs way more, are we going to start subsidizing people with these light bulbs? What is our end game?

Mr. Sullivan: If I can give a response for comparison. A big part of our Office's responsibility with regard to energy is reducing energy use within County operations. It took several years to get a handle on the data, all of the information, and all of the choices that we have. But here we are and this our third year in a row that we have less energy use this year than we had the previous year. That is not a result of just throwing darts at the dartboard. We went in there with a detailed look at our options and we have been fortunate. Some of them are big thing that you just get lucky on and other things are

small things that you keep chipping away at, and some things take year and you do not break, and then all of sudden, here is an opportunity and it works. But that is a result of planning. I do not think that the plan is the thing that is of value, I think the planning is what is of value. It might sound trite, but the conversations that you have with all of these different agencies and the awareness that is raised about these different things allow them to move forward. If there is not a conversation, certainly nothing is going to happen.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Ben, I mean, is this planning and awareness not going to result in actual lowering of costs? I mean, with the reduction in energy use, and I do not know. Did you provide...what is the savings this year? \$1,000,000 from reduced energy use?

Mr. Sullivan: There is a couple...

Councilmember Yukimura: The savings is actually smaller than it would have been about five (5) years ago when gas prices and fuel prices were higher. So I presume that especially if there is a carbon tax, we would be saving substantially if we are able to reduce our carbon generation.

Mr. Sullivan: Very likely and certainly, we are not just talking about reducing carbon emissions. We are talking about economic benefit. We are talking about benefit to families. There were a couple of questions in there, one (1) was about energy use. So we did prepare responses to the questions we got earlier about energy use. I do not know if you want to circulate those.

Councilmember Yukimura: I would like to see that.

Mr. Sullivan: Okay.

Councilmember Yukimura: You keep saying benefits to families, can you be more concrete about it?

Mr. Sullivan: Sure. Can I cite the Pono Homes Project again?

Councilmember Yukimura: Yes.

Mr. Sullivan: Are you aware of that project?

Councilmember Yukimura: No.

Mr. Sullivan: We matched \$10,000 from the County with \$10,000 from KIUC last year and we grant funded a program called the Pono Home Program, which is Statewide. It is also funded through the energy accelerator, which is an O'ahu-based entity. They came here and it is really simple. They came into people's homes and they actually did the retrofits that saved people money. The payback on that, I do not think it

would be appropriate to cite specifics, but the payback was very good, like less than a couple of years in terms of the cost of the measures versus the savings to the individuals. So understanding better what those opportunities are is part of the process. That is an example how we help families. Obviously, we all understand the general terms of the economic benefit of reducing our dependence on oil. I think you just cite volatility as a great example. It is easy to kind of relax on it right now because for a couple of years, energy prices has been trending down. But guess what? This fiscal year, they are heading back up. Again, this is economic opportunity because we are trying to bring down everyone's energy use overall, both in the ground transportation sector and in the electricity sector.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Are there any other questions on the Climate Action Plan? If not, we will move on. I have one (1) more question. We did see enormous reductions in electricity costs with the refurbishing of our street lights. I am wondering if we did a study for that one. Was it just a partnership? Did we have to pay for those lights?

Mr. Sullivan: There is a lot to talk about the street lights. We are very fortunate to be partnered with KIUC. We pay for the cost of those street lights through rate recovery, so they have a fixture charge that covers the capital cost, and then the electricity charge also covers observations and measurements (O&M), is my understanding. Basically, I think our estimation is about a \$400,000 savings year to year. In this current fiscal year, we will not see that full savings because the project was only partially implemented for the year. But there was certainly some planning there. There was a Memorandum of Understanding (MOU) between us and KIUC. We talked about potential measures we could implement together. We had a lot of interaction before that project actually took off, and we did do some studies as to what the options were, what the specifications should be, and all of those kinds of things.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I have a follow-up on that. First of all, congratulations. That is a really significant accomplishment. \$400,000 is not small change, so that is good. I was just reading the KIUC newsletter periodical, KIUC appropriated \$1,000,000 for that street light program? \$1,000,000 plus?

Mr. Sullivan: I am not sure what you are referring to from Currents, so I could not comment. I know that previously, we spent about \$1,000,000, a little over \$1,000,000, \$1,200,000 on street lights annually, and again, we used about one point nine (1.9) million kilowatt hours annually. That figure is reduced by almost seventy percent (70%). The kilowatt usage is reduced by almost seventy percent (70%). The savings is a little bit less, again, because they have to pay for the improvement itself.

Councilmember Yukimura: Okay, but the savings is about \$400,000 a year by current fuel prices?

Mr. Sullivan: Correct.

Councilmember Yukimura: So if the fuel prices go up, the savings will be even greater.

Mr. Sullivan: Correct.

Councilmember Yukimura: I see that they appropriated that money in December of last year and I was, like, wow, and you finished the conversion. That is really fast action. Okay. I mean, if it can result in programs like that, that is really worthwhile. Let me just ask, when we reduce greenhouse gases it is likely we are going to be reducing fuel use, right?

Mr. Sullivan: That is correct.

Councilmember Yukimura: They pretty much correlate.

Mr. Sullivan: That is correct, yes.

Councilmember Yukimura: I know that if we follow the Multimodal Land Transportation Plan we are going reduce our fuel usage, fossil fuel usage, by twenty-seven percent (27%) and there will be a corresponding reduction in greenhouse gases by twenty-seven percent (27%).

Mr. Sullivan: I am not intimately familiar with those figures, but that is the intent in general terms.

Councilmember Yukimura: And with KIUC progressing on its renewables, that is going to drop a lot already presumably.

Mr. Sullivan: Our energy every year is less and less carbon dependence, yes.

Councilmember Yukimura: So we have got a good start. Alright. Thank you.

Committee Chair Kaneshiro: Are there any new questions?

Councilmember Brun: I have a new question.

Committee Chair Kaneshiro: Councilmember Brun.

Councilmember Brun: I do not see the Kaua'i Marathon on there. I see something about the Japan Marathon. Are we still funding the Kaua'i Marathon?

Mr. Costa: No. We have not funded it for several years now, but we still have like...well, it is a sister-city program where the winner of the Kaua'i Marathon as their prize, gets to go to Japan and run in the Iwaki City Marathon; and the Iwaki City Marathon winner comes to Kaua'i. So it is an exchange program, and we use that

to promote Kaua'i, hopefully to get more Japanese runners to Kaua'i. So that is what we are doing now.

Councilmember Brun: Okay. I was looking for that and I did not see it. I just saw the Japan one. Thank you.

Committee Chair Kaneshiro: Are there any other questions? Council Chair Rapozo and then Councilmember Yukimura.

Council Chair Rapozo: What is the Green Growth Metrics Project?

Mr. Sullivan: The Green Growth Metrics Project is a Statewide initiative that seeks to create sustainability metrics Statewide over six (6) different areas. So they have been at it for a couple of years and what they do is one (1) of their products is called the Aloha Plus Dashboard, and that is tracking these measures. You have energy, solid waste, green workforce, local food, smart sustainable communities, and there is a sixth. I think the Mayor knows this better than I do. But there is a sixth that I am forgetting right now. I am sure it is very important. Anyway, what they are doing is they are putting together a dashboard and tracking data on how all of Counties are progressing on these various measures. A big part of the process is getting the experts together to actually create the metrics. Aloha Plus Challenge will be coming here to do a smart sustainable communities roundtable in May, and that is something that we are very much looking forward to. We hope to see participation from you folks as well.

Council Chair Rapozo: Who does this? Who is the money going to?

Mr. Sullivan: Hawai'i Green Growth is the organization. It is a nonprofit. It is really a partnership with all of the Counties, the State, and the University of Hawai'i.

Council Chair Rapozo: And everybody pays?

Mr. Sullivan: Yes. I have a one-pager if you would like on that as well.

Council Chair Rapozo: Yes.

Mr. Sullivan: Okay. We did not want to give you a book in the description.

Council Chair Rapozo: I can tell you that I am not supporting that line item. I do not even know what it is about.

Mr. Sullivan: Certainly, I appreciate that.

Council Chair Rapozo: So we pay a vendor and again, this one is not a Request for Proposal (RFP), right?

Mr. Sullivan: No, it is not. It would be a line item and appropriation.

Council Chair Rapozo: So they solicit all the Counties?

Mr. Sullivan: Yes.

Council Chair Rapozo: Is this a nonprofit?

Mr. Sullivan: It is.

Council Chair Rapozo: Hawai'i Green Growth. Okay.

Councilmember Yukimura: I have a follow-up.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: On this Green Growth Program, did we fund it last year?

Mr. Sullivan: We did.

Councilmember Yukimura: So what are the results from last year?

Mr. Sullivan: I do not have the information in front of me. I know that they developed the local food metrics last year. That is one (1) of the things, so the dashboard is up. There were some real challenges in terms of what to track and how to track it because the data is really lacking, but certainly in the process, that is one (1) of the things that they were able to highlight and put some discussion and pressure on, the fact that we have very poor metrics for that. I am a Committee member for Smart Sustainable Communities, and that one is being led by the University of Hawai'i. That is really looking at trying to define some of these really broader sustainability measures such as multimodal things, which the County of Kaua'i is a leader as you know well, thanks to your work in multimodal transportation around the State. I would be happy to provide further information as a follow-up if you would like it.

Councilmember Yukimura: I think we need to see what was done as a result of last year's funding.

Mr. Sullivan: Okay.

Councilmember Yukimura: It is kind of amorphous of seeing how this program is actually benefiting Kaua'i.

Mr. Sullivan: Certainly. I can speak from my own perspective in my position and say that it is a benefit to collaborate with the other islands and my

counterparts on the other islands and to learn how they are addressing problems. An example is the excellent work that the County of Maui has done in promoting electric vehicles and trying to learn from that. Certainly, there has some good work going on Hawai'i Island in terms of local food production, but that is only one (1) aspect, and certainly, I would rather just go ahead and send you a response after you give me some questions on that.

Councilmember Yukimura: Okay. I agree that it is very important to be informed about what is happening on the other islands. The question is still, how do you bring it back here and manifest actual results for people of Kaua'i? I think that is what we are looking for.

Mr. Sullivan: Okay.

Committee Chair Kaneshiro: Are there any further questions on that item, Hawai'i Green Growth Metrics?

Councilmember Yukimura: What are the metrics? Well, there are six (6) areas.

Mr. Sullivan: That is right. There are six (6) areas and there are metrics within each, but I do not think I am going to go through each metric right now. I do not have a list of them.

Councilmember Yukimura: You could send that to us. I, for one, would like to see we are using the metrics.

Mr. Sullivan: Certainly. As a matter of fact, the Planning Department is meeting with the Aloha Plus Challenge group shortly because they would like to try to get more of the metrics incorporated into the General Plan.

Councilmember Yukimura: That is very good because a plan without measures is really handicapped. We do not know if we are getting anywhere. So if you could show us how that is useful to the General Plan, that would be valuable. Thank you.

Committee Chair Kaneshiro: Are there any further questions?

Councilmember Yukimura: On that one?

Committee Chair Kaneshiro: Yes. I think we are done with that one unless you have a question on it. We are on the metrics.

Councilmember Yukimura: I am done.

Committee Chair Kaneshiro: Okay. Are there any new questions?

Councilmember Yukimura: Yes.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I was interested on page 96 of the line item budget, Sunshine Market Marketing Program. When Bill Spitz was involved, we used to get a Sunshine Market report about revenues generated and so forth. Do you have one for this past year?

Mr. Costa: Yes, we do. I can forward that to you.

Councilmember Yukimura: My sense is that our Farmers' Market, and I think you might have said it somewhere, are beginning to decline. I went by Friday afternoon and I did not see any market at the stadium. Is that gone?

Mr. Costa: No, it is still there. It is an hour and a half from 3:00 p.m. to 4:30 p.m. I am not sure what time you went by. Even though it is in Līhu'e and at the stadium, it is not one of our more popular markets. The Kapa'a, Kīlauea, and Kōloa are the top producers.

Councilmember Yukimura: Well, I used to shop there. It has gone down considerably since Kaua'i Community College (KCC) is the next morning.

Mr. Costa: Right.

Councilmember Yukimura: And that has a bigger variety and maybe a better time. I do not know. You started the market here on the County lawn.

Mr. Costa: Right.

Councilmember Yukimura: My sense is the hours were not right and we have to do it after work when you have lots of people getting off work. So if you are talking about marketing, I want to know first of all, how are our markets doing, are they going up, are they going down, are they staying pretty much stable in terms of volume of produce, and what is this marketing money going to do for \$5,000?

Mr. Costa: Basically, that helps to update and reprint the brochures that we have. They are located at the airport and at various resorts' activities desks to promote it to the visitors. We use that in banners to place at the markets themselves. Even though Kōloa was very popular market, once we put the banner on the fence, we started getting a lot more people. Then what helped too was to move the market from the back corner up to the front parking lot.

Councilmember Yukimura: Good.

Mr. Costa: So there are those type of initiatives that we have done. When you look at the revenue, and you will see it when I send it to you, everything is on an honor system. So at the end of each market, a farmer or vendor will turn in their slip and tell us how much they have made. I know there was three (3) years ago or maybe four (4)

years ago, we approached the \$1,000,000 mark for the year, and I thought that was great. Since then, it is actually been going down. So when I started asking, is it because there is less people in the markets? When you look at, again, the more popular markets like Kōloa, Kīlauea, and Kapa‘a, they are still well-attended, but we noticing that the farmers/vendors are reporting less revenue. Again, unless we do some kind of accounting or cash register system, we kind of take it on their face value by what they report.

Councilmember Yukimura: Why would they report less than what they used to report five (5) years, three (3) years, or three (3) months ago unless it is actually declining?

Mr. Costa: Well, that is one (1) of my next projects, to find out why. One (1) of the ideas was as part of the application process, we have each farmer list the types of produce that they are selling, the prices that they are selling those individual produce, and a plot plan as to where they are growing it on their farm or at their home. Then, we inspect the farm to verify that they are growing whatever they sell. One (1) idea is to take that same inventory or price list and have them actually note how many tomatoes, how much lettuce, how many whatever they sell, and turn that in so that way we have a true record of not only what they sell, but how much they made. That has not gone over well. Again, it is just a verbal suggestion to some of the farmers, and they are a little concerned that it is big brother asking.

Councilmember Yukimura: Well, I know. If they have got a lot of people around and to count is kind of unrealistic as a practical thing to do.

Mr. Costa: So the next best thing is to take what they turn in.

Councilmember Yukimura: I am just concerned. The marketing plan is kind of just the status quo thing, or is there a goal to increase the volume that Sunshine Markets do, or is there an assessment that we are in changing times and now the private entities are realizing what a promotional draw it is to have a farmer to consumer market so Kukui‘ula is doing it, so it is just kind of dispersing the market? If so, what can we do or have we already accomplished our goals and the private markets can handle it? That is the kind of analysis and entrepreneurial development that needs to happen, I think, if we want the sunshine markets to really play a role in encouraging agriculture.

Mr. Costa: We have looked at that, and that is another initiative we would like to look at. The real popular markets have a lot of value-added products, in fact, they have more value added than they have true produce.

Councilmember Yukimura: You mean the non-County markets?

Mr. Costa: Yes.

Councilmember Yukimura: Because the County markets have value-added products, but they have to be related to the farming.

Mr. Costa: Yes.

Councilmember Yukimura: Which is why we did that so it would not be able of these non-agriculture related food related vendors taking over.

Mr. Costa: Exactly.

Councilmember Yukimura: Which are usually higher value.

Mr. Costa: Right. We have held true to that, but realistically, when you look at these real popular markets, it does not take much to look at what is happening at KCC on Saturdays. It is really popular. They have food wagons. They have a lot of other items being sold than just produce. So we have been true to our mission. Our goal is to see if we can get more market share and really promote that these are Kaua'i grown produce. But at the other markets, they say it is Kaua'i grown.

Councilmember Yukimura: Well, maybe it is not about promotions. Maybe it is about changing hours and changing sites. I mean, the Friday market right before the Saturday market is really a conflict. So maybe the Lihu'e market should be on a Wednesday. Of course then, there are farmers who cannot do both. But those are the kind of things that...and why not have food wagons? But you need another site. Like at Kapa'a, you do not have room. But why not have food wagons? They would not conflict. I do not think so. They would add to the draw, but not take away from the vendors.

Mr. Costa: Right.

Councilmember Yukimura: That is the kind of marketing.

Committee Chair Kaneshiro: Got it. We are coming up on a tape change. So we will take our ten (10) minute break now and then we can go until 4:30 p.m. if we need to.

There being no objections, the Committee recessed at 2:28 p.m.

The Committee reconvened at 2:39 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. We are still on Office of Economic Development. Do we have any more questions on any of the other grants? I have a question on the Future Farmers of America (FFA) Summer Internship? I think last year was the first year we helped fund it.

Mr. Costa: Right.

Committee Chair Kaneshiro: What were the successes? What happened?

Mr. Costa: It was the second year. The first year, the State Department of Labor and Department of Education (DOE) provided a \$10,000 grant to put the program together. We had two (2) students, two (2) female FFA members from Kaua'i High School. That went well. Last year, we matched the State grant and actually we actually had seventeen (17) starting, and then it dwindled down to eleven (11). There were six (6)

from Kapa'a High School that ended up not wanting to be part of the program for whatever reason, but we did have eleven (11) students. Two (2) worked the entire summer at Kaneshiro Farms working with Valerie, well, they were both sisters, the Bukoski sisters, and they are FFA members. The older sister is now attending University of Colorado or Colorado State in Animal Husbandry. Her sister, Leal is a member of the Kaua'i High School FFA. We just saw her on Friday at the State Convention. Then we had nine (9) other students, seven (7) from Kaua'i High School, two (2), I think, had some agricultural experience, and the rest had no agricultural experience, but were interested in agriculture. Then, two (2) from Kapa'a High School. What we did was for six (6) weeks, we had the students paired up in two (2) groups, and they worked at various farms and ranches over the six (6) weeks. So we had Johnny Gardines was one of the farmers training them in tropical farms. We had Billy DeCosta. They worked at his farm and ranch. We also had Moloa'a Bay Coffee. The McClure's had the students for one (1) week at a time, having them work two (2) days on their farm in Moloa'a and three (3) days in their office. One (1) day was learning the business marketing aspects of their business, and then the other two (2) days were spent roasting coffee and making chocolate. We made this program purposely so that it would hopefully make their summer interesting, but gave them an opportunity to experience different types of agriculture and not just farming and ranching, but also the business side of things, the marketing, and learning the different sides of agriculture. So this year, I met with the State Legislature, Department of Labor, and Department of Agriculture and they would like to see us hopefully double the numbers and expand the program. I have already had meetings with Daniel Hamada, who is the Principal at the Kapa'a High School, and he is very enthused. He would like to be a part of increasing those numbers from Kapa'a High School. I have also met with Mahina Anguay, who is the Principal at Waimea, and both Kapa'a and Waimea do not have FFA programs, which I thought they did. Both are trying to rejuvenate their FFA program, so they are hoping with the summer internship program, it will give some of their students who are interested, an experience to work on some farms and ranches, and give them an impetus to build up their FFA program for the coming school year.

Committee Chair Kaneshiro: Okay. Thank you. You said the State is putting money into this program also?

Mr. Costa: I am going to be coming to the Council shortly. At first, the State advised they were not going to fund it, but I was just recently advised that there is money for us to apply for the program side. The County moneys was used for transportation because a lot of these students, they are spread out from Kalāheo to Princeville, and to get to the farms and back home, a lot of the parents are working, so they cannot be transporting the students. So our moneys helped to have Akita Bus Service because they work with the Department of Education. So they transported the students to the farms and ranches, and the drivers actually waited for the four (4) to five (5) hours, and then transported them back home. So this was also reassurance for the parents because they did not have to worry about their students traveling around Kaua'i during the course of the six (6) weeks.

Committee Chair Kaneshiro: Was that the most efficient to have them wait the whole time?

Mr. Costa: We were going to get charged for time, and they could have easily...they picked up students in Kalāheo and took them to Kaua'i Fresh Farms in Kalihiwai. I guess the driver could have easily drove back to Kalāheo and then drove back to Kalihiwai, but they figured they would just wait. We were charged for time.

Committee Chair Kaneshiro: Obviously, The Kaua'i Bus might be another option, too. We do paratransit where we pick people up and drop them off all the time.

Mr. Costa: Yes.

Committee Chair Kaneshiro: If we can save money by having people that we are already paying picking them up and dropping them off without having to pay a bus service might be another option or have them catch the regular bus. I do not know if we have a good schedule. Councilmember Yukimura.

Councilmember Yukimura: Why could they just not use the mainline bus?

Mr. Costa: The students in Kalāheo that needed to be in Kalihiwai, they got up at 5:00 a.m. waited for the bus at 6:30 a.m. As long as whatever transportation we have takes them straight and there is no stopping and picking up other people along the way to get them there by 8:00 a.m. so they can...

Councilmember Yukimura: They will get a realistic picture of what farm workers have to do, and it will make us see how we need to make our frequencies more on The Kaua'i Bus. But we would not be helping just five (5), seven (7), or nine (9) students, but we would be helping a lot of people if we could make that mainline bus more efficient. But that is what farm workers do. They do travel, and then you have to work off the connection because I think even like Haraguchi Farms and Moloa'a, they could probably walk from the bus stop to the farm. How much did we spend on bus?

Mr. Costa: That was \$10,000 for the six (6) weeks for two (2) buses.

Councilmember Yukimura: How much was the total program?

Mr. Costa: The total program was \$20,000.

Councilmember Yukimura: And the other \$10,000 went...so you spent \$10,000 for what?

Mr. Costa: For paying the students.

Councilmember Yukimura: Yes, \$10,000 to pay the students, which I think is good. They need to get some summer income. But \$10,000 to pay for bus transportation for nine (9) kids does not seem very cost efficient.

Council Chair Rapozo: Uber.

Councilmember Yukimura: Yes, Uber or something else.

Committee Chair Kaneshiro: Are there any further questions on this? If not, are there any other questions? Councilmember Yukimura.

Councilmember Yukimura: The Kaua'i Made Program, which looks like a total of \$25,000 being spent. It is such a great concept, Kaua'i Made, as well as Kaua'i Grown and you have other funding for that, yes?

Ms. Brun: Yes.

Councilmember Yukimura: What are the goals of the project?

Ms. Brun: Well, this year she has been working on a marketing plan, and part of that is...

Councilmember Yukimura: Who is she?

Ms. Brun: Melissa Mae Sugai.

Councilmember Yukimura: Okay.

Ms. Brun: She runs the Kaua'i Made Program. She is also our liaison to the Kaua'i Grown Program. She has been working this year on getting out to retail outlets. So there are many places out there that not only have products, but they are also selling other Kaua'i Made products. What she was finding was that even though she is communicating with the owners, the information was not floating down to the line workers who are actually selling the product there and promoting the product. So this year as part of her goals is to get out there and get to these locations and speak to the frontline people as well as the owners. That has proven very successful as they begin to understand the program and they are starting to place Kaua'i Made products in more valuable spots in their stores.

Councilmember Yukimura: More visible.

Ms. Brun: So that has been a huge on her part, which is really paying off. Besides that, she is also working really hard on kind of trying to find that nexus of relationship with Kaua'i Grown. Luckily, I think with Melissia and the Kaua'i Made Program they have a really great advertising program. That is not necessarily with the Kaua'i Grown and Kaua'i County Farm Bureau is really good at. So it is really great for them to share their abilities, and that is one (1) of the things that Kaua'i Made offers to Kaua'i Grown, is a real good idea of how to advertise and how to do those things. Of course, people love the Kaua'i Grown Program. When Melissia goes out looking for advertising spots, she has been really courting a new program this year. There is a new drive guide that is coming out, and she really wants to be front and center when people arrive. "Hey, look for these places. This is where Kaua'i Made is being sold." She is trying to build that new program, move into the new magazines that are coming out, and promote the products in that way.

She has been very good at keeping her membership. She manages about one hundred thirty-four (134) people. She managed to get twenty (20) new ones this year. We always have drop outs every year. We have about seven (7) a year. One (1) of her goals has been to increase membership. She is also put together a flier of what Kaua'i Made offers. For \$50 a year, you get all of this and there is all of this. So that is kind of what it is. It has been building up our little tricks to offer the new entrepreneurs.

Councilmember Yukimura: Okay, that sounds very good. So one (1) of the goals is to increase the membership, and the other goal is to increase the awareness?

Ms. Brun: Yes.

Councilmember Yukimura: Which placing Kaua'i Made in really visible areas would do, and then the other one, I presume, is to increase the volume of Kaua'i Made products sold.

Ms. Brun: Yes.

Councilmember Yukimura: Are you tracking that third indicator?

Ms. Brun: I do not believe we are actually tracking exactly what they are making. She has a close relationship with all one hundred thirty-four (134) of them. They are always in her office. But I do not think we have attempted to get that information. We keep all their information currently in the Office. We have their General Excise (GE) license, food service license, and everything. But I do not think we actually track how much they are making.

Mr. Costa: Oh, you mean revenue-wise like the farmers?

Councilmember Yukimura: You can measure: one, in revenues, or two, in volume and production. But I mean, I presume that our whole goal is to increase the volume.

Ms. Brun: Yes.

Councilmember Yukimura: As well as the revenues for Kaua'i Made products.

Ms. Brun: That is a great idea. We can definitely work on coming up with something.

Councilmember Yukimura: And it would speak volumes if you can show over time, an increase in that. I guess you could measure it several ways; sales and volume.

Mr. Costa: Right. Just so I am clear, similar to the Sunshine Markets, we would want them to report their sales?

Councilmember Yukimura: I do not know. I would leave that to you folks to figure out what would be the best measure because it needs to be administratively as simple as possible so as not to burden them.

Ms. Brun: Let us work on that and we will come up with a good plan.

Councilmember Yukimura: Great. Thank you.

Committee Chair Kaneshiro: Are there any further questions on any of the other programs? Councilmember Chock.

Councilmember Chock: I just want a little bit more information on the Farm and Food Industry Capacity Study. It was written in the narrative.

Councilmember Yukimura: What page?

Councilmember Chock: Page 9 of the narrative.

Mr. Costa: So that was a study that we conducted this year, and it just concluded. Basically, utilizing Kaua'i Grown, working with retail outlets, working with chefs, and working with farmers to see how we can better connect farmers to the chefs and to retail outlets, and find out what kind of import substitution that we can have. There are ten (10) items, and I do not have it with me, but there are ten (10) items that we predominantly import to Kaua'i. Can our farmers grow the items? One (1) of them is garlic and I forget what the other nine (9) were. Also find out from the chefs, what they would like to see our farmers grow. Some of our farmers grow what they feel comfortable with and what they are used to growing, but that does not necessarily translate to what the market demand is. So this study helped get closer to that, and now we are working with Hānai Market in Kapa'a that sources exclusively locally grown and locally produced items if we can to see expand on that and connect more of our farmers to our retail outlets, chefs, and hotels. I do not know if you have anything else you wanted to add.

Ms. Brun: The study was done. I think we transmitted it up here. It was really fascinating to know how much food is really being grown out there. They went to every farm, I mean, not every farm, but they went to a lot of farms. These are people from Maui who see farming on Maui all the time, and they were blown away by what Kaua'i is producing. The trick, of course, is getting it to market and getting it so it can be sold before it actually goes downhill. They did make a lot of great recommendations including the restaurant facilitator, which is a farm to restaurant facilitator. They did recommend that it was not a County person, but that it would be someone out there that we support and then get them up and going. Luckily, we have a few people. They were part of the partnership. The next step for us is going to be to actually pilot a project, and they have set that up for us as well. It has been a great study because we have a route to take. We just need to keep moving.

Committee Chair Kaneshiro: Thank you. I do not think we saw the final report yet.

Ms. Brun: Okay.

Committee Chair Kaneshiro: Not to my knowledge.

Ms. Brun: I will send it.

Councilmember Yukimura: That would be great. I have a couple more questions.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I am not really clear what is happening on the Creative Technology Center. I noticed that Sue Kanoho is not here.

Mr. Costa: There is no request for County funds this coming fiscal year. Currently, we have \$40,000 in Fiscal Year 2017 that is basically focused on programs. One (1) of the best examples was \$10,000 was spent last month on the transmedia ideation where we brought in three (3) top-notch people from Hollywood. It was an application only where they took thirty (30) applicants to attend this transmedia ideation workshop or boot camp, they call it. It was the whole weekend. It was a script writer, a film producer, and I forget what the third gentleman's expertise was. So what they did was work with thirty (30) individuals here on Kaua'i that feel that they are close to producing a small film or writing a script, and so that was the first part of the boot camp. Then, there is follow-up after this to see how far along or if there is potential, then those three (3) individuals that were brought over, would they be able to continue working with some of these individuals who really show promise? The other part of that was on the same week, you had Public Broadcasting Station (PBS), Hiki Nō, presenting awards to several of our middle and high schools here on Kaua'i. It just goes to show that there is a lot of potential and there is a lot of talent here on the island of Kaua'i. KEDB will continue to finish out this year by other programs. The transmedia ideation was a partnership between KEDB, the County, and the Department of Business, Economic Development & Tourism (DEBDT) working with Georgia Skinner at the Creative Industries Division. We continue to work with Georgia on future projects that we hope will build the program. The concentration right now is while we are working on funding for the actual physical plant, we are not going to wait until we build the facility and then work on programs. We are actually working on programs now so when the facility is built, they can progress right into the actual facility.

Councilmember Yukimura: Well, my husband was part of that ideation.

Ms. Costa: Right.

Councilmember Yukimura: And he said it was top quality.

Mr. Costa: Right.

Councilmember Yukimura: It was really a very excellent design and helped a lot of filmmakers, so that is good. Am I to understand that for the next two (2) to five (5) years, we are mainly going to be developing programs such as this, and if so, there is no money even for the programs or are there moneys for programs in the budget?

Mr. Costa: No, they have their own funding for future programs. What is happening is KEDB has applied with Economic Development Administration (EDA) for a local grant for the facility to look at the planning phase of the facility, look at the location, and look at the design concepts. Originally when we had worked with another consultant, based on what that consultant came back to us and said that the facility that they envisioned was going to cost about \$2,000,000. KEDB has since worked with EDA, the Hawai'i Community Foundation, and the Weinberg Foundation on fundraising. Some of those organizations have come back and said that they feel that the \$20,000,000 price tag for that facility is too much for Kaua'i. So basically, KEDB had to reassess the project and came back with resizing to the point where now you are looking at an \$8,000,000 to \$9,000,000 facility, and that is what part of the program is, to right-size the facility to the programs that they are developing.

Councilmember Yukimura: Okay. They are applying for a grant and hope to hear from EDA within this coming fiscal year, Fiscal Year 2018?

Mr. Costa: Within the next month. They actually went to Seattle. They made the presentation. EDA, right now is scoring the applications, and so they should find out in the next month.

Councilmember Yukimura: Is that application for the full amount needed to build the building?

Mr. Costa: No, this is for the planning portion of it. The planning, the design, and once that has taken place and they have scored that and if the project meets their approval, then they would be eligible to apply for funding for the actual project.

Councilmember Yukimura: Okay, but the \$20,000,000 and \$8,000,000 to \$9,000,000 is the actual construction cost?

Mr. Costa: Right.

Councilmember Yukimura: And right now, they are asking for EDA for design money?

Mr. Costa: Design money.

Councilmember Yukimura: Design and planning?

Mr. Costa: Right.

Councilmember Yukimura: Okay, that sounds goods. Can we get one (1) year, I guess, just a written update of what you have said? Maybe even one (1) page.

Mr. Costa: Sure.

Councilmember Yukimura: It does not have to be long, but just so we are about where we are going now in the different routing, but still towards the same end over time.

Mr. Costa: Okay. I thought I put that in the narrative, but I will go ahead and look at that. I can send that to you. Just focusing on the Creative Technology Center, what is taking place this year and what is being proposed for next year?

Councilmember Yukimura: Yes.

Mr. Costa: Okay.

Councilmember Yukimura: Thank you.

Mr. Costa: I can do that.

Committee Chair Kaneshiro: Are there any other questions on any of the other projects? I am out of questions too. So are we done for today?

Councilmember Yukimura: I guess so.

Committee Chair Kaneshiro: Okay. Good job.

Mr. Costa: Thank you.

Committee Chair Kaneshiro: We did not even have to go to 4:30 p.m. Thank you again, for answering the questions. I am pretty sure you are going to get a lot of follow-up questions coming through. I know our timetable is short, but just try and get us the information when you have a little more detail on some of the projects.

Mr. Costa: Okay.

Committee Chair Kaneshiro: We all know we are giving away free money, so it is not that easy to give away. That is why you folks probably take one of the longest out of all departments because we look at every single project. With that, thank you all. I would like to recess the Departmental Budget Reviews. We will reconvene at 9:00 a.m. on Tuesday, April 4, 2017 where we will have the review of the Department of Finance, including their various items, and the Kaua'i Humane Society.

There being no objections, the Committee recessed at 3:04 p.m.